



ECOSOC
TecMun Morelia 2022

Economic and Social Council



Committee:



President

Regina Huerta Elizondo



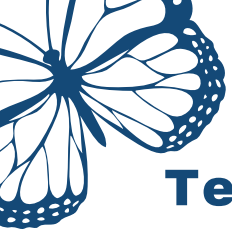
Moderator

Alan Lemus Marín



Conference Officer

Arturo Pedraza González



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The Dais of the Economic and Social Council committee, made up of the Conference Officer Arturo Pedraza, the Moderator Alan Lemus Marín and the President Regina Huerta Elizondo, extend a cordial welcome to all the renowned delegates and observers present at this international forum.

ECOSOC coordinates the work of the 14 UN specialized agencies, ten functional commissions and five regional commissions, receives reports from nine UN funds and programmes and issues policy recommendations to the UN system and to Member States. Created in 1945, ECOSOC became one of the six main organs of the United Nations.

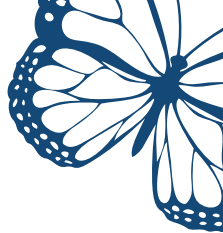
The main goal of ECOSOC, is the promotion of the three main pillars of development, this being, economic, social and environmental; as well as monitoring major United Nations conferences and summits.

ECOSOC is composed of 52 members, of which, 18 are chosen by the General Assembly and changed every 3 years.

In ECOSOC there are a series of commissions and committees that meet at regular intervals and present their reports to the Council which carry out the permanent work of ECOSOC, with a total of nine committees in charge of examining issues in their respective spheres of responsibility and expertise and they are also responsible for making recommendations:

Throughout the model, the delegates will aim to act peacefully and together to find the most appropriate resolution on two different topics: The rise in energy prices and their effects on a global panorama as well as Financial markets and climate change mitigation.





Topic A: The rise in energy prices and their effects on a global panorama.

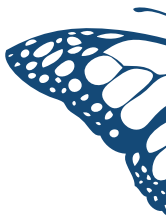
What is the issue:


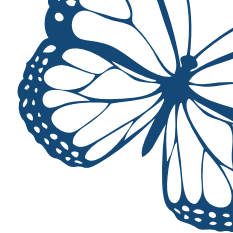
Inflation is a disorderly increase in the prices of most of the goods and services that are traded in their markets, for a prolonged period of time. Inflation is typically a broad measure, such as the overall increase in prices or the increase in the cost of living in a country.(International Monetary Fund, 2022). This means that inflation is the phenomenon of rising prices of goods and services causing money in a certain economy to be worth less.



The pandemic has been one of the main reasons why the world economy has weakened as higher than expected inflation around the world is now seen mainly in big economies of countries such as the US and around Europe. This has caused the hardening in the financial conditions, highlighting China because of the COVID-19 outbreaks and lockdown, as well the negative repercussions of the Ukraine conflict.

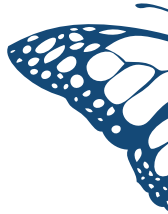
The COVID-19 pandemic has been of the main causes behind the rise in energy prices, causing an inflation in the prices and taxes of all products. There is a higher demand and, in turn, a lower supply at the time when companies and producers need to recover their profits. This scenario causes an increase in prices.

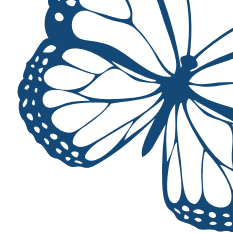




Inflation around the world has remained high as a consequence of rising food and energy prices and persistent supply-demand imbalances. Although, energy shocks are not uncommon, several turmoils have often caused rises in prices, for example, after the Arab oil embargo; On October 19, 1973, immediately following.

President Nixon's request for Congress to make available \$2.2 billion in emergency aid to Israel for the conflict known as a Yom Kippur War, the Organization of Arab Petroleum Exporting Countries (OAPEC) instituted an oil embargo on the United States (Reich 1995), This caused an imbalance in the US oil industry, since the sufficient amount of oil that was needed for the market could not be produce; and the Iranian Revolution in 1979 where the cutout of oil supplies and soaring oil prices had far-reaching effects on producers, consumers and the oil industry itself.





Current Relevance of the Situation

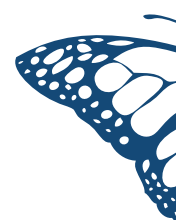
The price of gasoline has increased this year due to the rise in international oil prices, which is mainly explained by the tensions in Europe as a result of Russia's invasion of Ukraine, this along with a higher demand as a part of the world's economic recovery and the relaxation of confinement measures after the pandemic

The increase in fuel prices threatens social stability in various regions of the world. From South Asia and Africa to Europe and Latin America, the cost of filling up a car, commuting to work and buying groceries has skyrocketed, two great examples are Venezuela which counts with the heights rate of inflation in the world since year 2013 and is now experiencing the 2nd longest bout of hyperinflation; and Germany, the country in Europe with the highest rate of inflation originated from taxes as well as the transition to renewable energies.

High energy costs have a cascading effect, driving inflation, forcing central banks to raise interest rates, slowing economic growth and hampering efforts to combat severe climate change.

The importance of this topic is that expensive energy contributes to high food and services prices, lowers living standards and exposes millions of people to hunger. Rising transportation costs increase the price of every item that is transported, shipped, or flown, whether it be a cell phone, a car or a prescription drug.

“The simultaneous rise in energy and food prices is a double whammy in the stomach for the poor in virtually every country,” said Eswar Prasad, an economist at Cornell University, “and could have devastating consequences in some places of the world if it persists for a prolonged period”. Considering this situation, it is safe to establish that rising energy prices have effects that are currently affecting most aspects of the economy and some others that may not be predicted.





Main Actors of the Topic

United States of America: This country has had a downward of 1,4 percentage points caused by the lower growth registered at the beginning of the year, the loss of purchasing power of households and a more restrictive monetary policy.

China: A consequence of the new confinements and the worsening of the crisis in the real estate sector, China has forced growth to be revised downwards by 1.1 percentage points, with important repercussions on a global scale, as China is one of the most important exporting countries by what the exit prices cause an important impact in the world economy.

Ukraine: As it is the largest exporter of oil and gas to world markets, being in conflict with another country, Russia, and the retaliatory sanctions that followed have caused oil and gas prices to skyrocket alarmingly.

United Kingdom: The rise of energy prices has really affected the citizens of the UK, as every other country in Europe, the conflict between Ukraine and Russia, affected the country as a part of the gasses used in the country, comes from Russia, although it is only 3% in comparison to other European countries with 35% to 40%, the UK has a high demand on natural gas as it has a greater amount of homes heated in gas than most other countries.

Germany: This is one of the countries with the highest prices of energy in all Europe, even though in 2012 Germany obtained the record for the lowest percentage of inflation. Although production is cheap, additional taxes and fees increase the final cost. The country is attempting to transition from fossil fuels and atomic energy to renewable energy sources, causing an increase in all energy prices besides the inflation that it is occurring worldwide.



General Statistics

- Energy prices are expected to increase by 50% on average in 2022. During 2022, an increase is projected natural gas prices, coal prices and crude oil prices, as an average of the European, Japan and U.S benchmarks are expected to increase 72% and 42% respectively.
- Furthermore, energy prices are not expected to decrease for long. According to the January 2022 projections, it is expected that the prices of energy commodities will rise 46% on average in 2023.
- The World Bank's energy price index increased by 26.3 percent between January and April 2022, on top of a 50 percent increase between January 2020 and December 2021. This surge reflects sharp increases in coal, oil, and natural gas prices.
- The International Energy Agency has warned that higher energy prices have led to an additional 90 million people in Asia and Africa having no access to electricity.

Perspectives on the Solutions



Create policies to maintain economies. Policies aimed at dealing with the specific impacts of energy and food prices must focus on those who have been most affected, without distorting prices.

Work together to avoid recession. Recession is the decrease in financial activities during a specific period of time. The main financial sectors often have problems maintaining production. Among its main consequences is that as the level of consumption drops, companies have greater difficulties in maintaining their structures and reducing their workforce. In this sense, thousands of people are at risk of losing their jobs.



Key Questions

- How is energy prices rising affecting the delegation?
- What actions have delegations with low inflation levels taken? And, How can it be implemented in different economies?
- How can an action be implemented to standardize prices?
- Are petrol, oils and coal a need in the delegation? How?
- What are all the means the delegation gets energy, either clean or not? And how do they affect the economy and the ecosystem?



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Topic B: Financial markets and climate change mitigation

Climate change is the long-term change in temperatures and weather patterns. These changes can be natural, for example, through variations in the solar cycle. Global warming, which many times can be confused as the synonym of climate change, is the increase in the temperature of the planet caused by greenhouse gas emissions into the atmosphere derived from human activity, causing variations in the climate that would not occur naturally.

As a consequence of global warming and the gasses expelled to the atmosphere, many species, animals and vegetables have been lost in the last decade, according to the IUCN Red List (2022), “the extinction of 581 species and subspecies worldwide has been documented in the last two decades; and over 30,000 species are in danger of disappearing”. In the same way, the exploitation of natural resources has resulted in damage to raw materials that are used every day in the market.



Given the changes that are happening in the general climate of the planet, it is expected that temperatures throughout the globe will increase, which would cause an increase in the economy of the countries with low temperatures, but in the same way, an economic disruption in countries with higher temperatures.

These ups and downs in the economies of countries with different temperatures, and given that countries with the most poverty are those with warm climates, rising temperatures are expected to increase inequality between countries.



The UN environmental Programme defines Climate Change Mitigation as the “efforts to reduce or prevent emission of greenhouse gasses” (UNEP, 2022). Mitigation means using new technologies and renewable energies, making older equipment more energy efficient, or changing management practices or consumer behavior.



What is the issue?

Climate change does not only affect the Earth's ecosystem, it also affects the economic system. This issue affects terrestrial and aquatic ecosystems, as man-made waste and the division of international waters are key points regarding climate change.

Changes to Earth's climate driven by increased human emissions of heat-trapping greenhouse gasses are already having widespread effects on the environment: glaciers and ice sheets are shrinking, river and lake ice is breaking up earlier, plant and animal geographic ranges are shifting, and plants and trees are blooming sooner.

“A world wracked by frequent and devastating shocks from climate change cannot sustain the fundamental conditions supporting our financial system,” concluded the report, “Managing Climate Risk in the Financial System,” which was requested last year by the Commodity Futures Trading Commission.

This problem is also having repercussions on the energy industry, mainly the fossil fuel industry, if any government enacted aggressive policies to curb carbon dioxide pollution. The fossil industry, being one of the richest worldwide, is and will continue being extremely affected negatively due to the damage that it causes to the earth.





As a consequence of climate change, financial volatility and loss are likely to be spread out over time, as climate change impacts different regions and markets worldwide hit different regions and markets. For example, in Pakistan, Throughout July 2022 a series of drought happened with over 1,500 deaths and more than 12,800 injuries. Preliminary estimates based on data indicate that some 7.6 million people may be displaced due to the heavy rains and floods, including some 575,000 people living in relief camps. (OCHA, 16 Sep 2022), which would cause a remarkable loss of crops, which could lead to economic decline not only in that country, but also in the countries where these products were exported. In the same way, floods can cause damage to the infrastructure of buildings and homes, which can lead insurers to leave the country.



All these problems are often caused by climate change, but they would not be caused at the same time, which would give countries and companies, whether large or small, the opportunity to prepare.



Nowadays, developing countries contribute to the pollution because energy mainly is related to the burning of fossil fuels (coal, oil and gas). The combustion of these raw materials occurs in the processes or in the operation of the industrial and road transport sectors, mainly.



Current Relevance of the Situation

United States of America: A report commissioned by federal regulators overseeing the nation's commodities markets has concluded that climate change threatens U.S. financial markets, as the costs of wildfires, in California as an example. In California, roughly 2.6m acres of land went up in flames this year, eclipsing the 5-year-average of 1.4m. storms, droughts and floods spread through insurance and mortgage markets, pension funds and other financial institutions.

United Kingdom: This country's government aims for a zero greenhouse gas emission by 2050. Becoming the world leader in offshore wind power, it has also promised significant funding for carbon capture and other technologies to tackle climate change.

Saudi Arabia: Oil is dominant in the Saudi economy ranks first with 275 billion barrels, according to Rystad Energy (2022) and 10% of the world's crude oil supply comes from this country .It occupies a leading role in the energy sector since it is the largest producer in the world. In addition to having a quarter of the world's proven oil reserves, Saudi Arabia is the largest exporter of liquid natural gas.

China: According to the Climate Data Explorer published by World Resources Institute, China, the European Union, and the U.S. contributed to more than 50% of global greenhouse gas emissions. In 2016, China's greenhouse gas emissions accounted for 26% of total global emissions. Nowadays, China is one of the main contributors regarding waste and export of products created mainly from plastic.

Saido, a chemist along with the College of Pharmacy, Nihon University, Chiba, Japan, said his team found that when plastic decomposes it releases potentially toxic bisphenol A (BPA) and PS oligomer into the water, causing additional pollution besides the effects of plastic in health, Some of these chemicals have been linked to health problems such as metabolic disorders (including obesity) and reduced fertility.





General Statistics

Temperature in the last five years has been the highest ever recorded, passing the expected levels of the following five years. The average global temperature in the period 2001–2010 was 14.47 degrees Celsius, according to the report. That's 0.21 degrees warmer than 1991 to 2000 and 0.79 degrees warmer than 1881 to 1890.

According to new climate data from the World Meteorological Organization (WMO), there is a 50% chance that, in at least one of the next five years, the average annual temperature of the planet will temporarily exceed pre-industrial levels by 1.5°C.

According to the Intergovernmental Panel on Climate Change (IPCC) – the United Nations body established to assess the science related to climate change – modern humans have never before seen the observed changes in our global climate, and some of these changes are irreversible over the next hundreds to thousands of years.



About 1.4 billion people around the world rely on traditional fuels such as coal and wood to meet their basic energy needs. This is not only bad for the environment; it can also lead to the premature death of millions of people, especially women and children. By 2035, global energy demand is projected to grow by more than 50%, and even faster in developing countries.

There is a 93% chance that at least one of the years in the 2022–2026 period will unseat 2016 as the warmest year on record. The probability that the five-year average for the period 2022–2026 is higher than that of the last five years (2017–2021) is also 93%. (world meteorological organization, 2022)



The country with the biggest levels of CO₂ emission is China with over 10.065 million tons per year, followed by the United States of America with over 5.416 million tons per year.



Perspectives on the Solution

- Transparency

Initiation of a system of transparency of data and processes in which countries help to mitigate climate change based on the SDGs as support. By incorporating climate change concerns into each country's planning and development agendas through its support of advocacy activities.

- Promotion of technology helping industries.

Implementation of clean technologies for the care of the environment, and support for the companies that will be affected by the transition. Taking into account that if you do not make a change, all areas of human performance will be influenced.

- Control production and export

Verify the amount of products which are produced and exported This with the intent of reducing waste and inflation rates, reviewing the waste that entails the creation of these products and how they impact ecosystems. An example could be the production and use of steel and plastic, which could lead to reducing the impact of greenhouse gas emissions from these industries by up to 40% by 2050.





Key Questions

- How has climate change impacted the delegation in general?
- Is the delegation taking measures regarding SDG 13, Take Urgent Action to Combat Climate Change and its Impact, by contributing to the financial commitment?
- What are the points of the SDGs the delegation considers the most when it comes to sustainability and ecology?
- What are the most remarkable actions made by the delegation to fight climate change?
- Which industries would be affected and why by the transition to clean energy and mitigation of climate change?





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