

Message from the Director of UNECE

Dear Delegates,

Welcome to DAYMUNC XIX! My name is Ryan O'Connor. I am the Director of the United Nations Economic Commission for Europe (UNECE) for this year's conference.

This background guide has been prepared as an introduction to the topics on the UNECE agenda. Use it for guidance as you begin your research. Analyze the information presented and then compile further research about solutions that your State can present at the conference.

On the agenda for the UNECE at DAYMUNC XIX are the following topics:

1. The European Debt Crisis: Reform and Recovery
2. Developing Sustainable Alternative Energies in Europe

The topics outlined continue to evolve every day, so make sure to keep up-to-date with current events. Utilize a variety of news sources and United Nations documents to ensure that you understand the most recent international debate on the issues.

It is recommended, however not required, that you write a position paper detailing your State's policy on each topic. The deadline to submit a position paper is midnight on January 25, 2012. Visit www.daymunc.org for proper formatting instructions.

In closing, please note DAYMUNC's designation as a learning conference. The mission of the conference is to help you grow as a student, delegate, and representative. Skills learned at the conference are meant to help you in your future participation in Model UN, as well as your work in other classes, with future employers, and maybe even with the United Nations. I look forward to working with you on February 3rd and 4th.

Sincerely,

Ryan O'Connor

Director of UNECE, DAYMUNC XIX

About the Director

Ryan O'Connor graduated in 2011 from Wright State University with a Bachelor of Science in Business. He has three years (2009-2011) of Model UN experience, including participation in DAYMUNC and in the National Model United Nations Conference in New York. In 2011, Ryan served as a Head Delegate for Wright State Model United Nations where he helped instruct and manage a team of 33 delegates. He currently works for Northern Illinois University Athletics as a "Fellow" in Ohio University's Master of Business Administration/Master of Sports Administration dual-degree program.

United Nations Economic Commission on Europe Background

United Nations Economic Commission for Europe

The UNECE was established in 1947 by the Economic and Social Council of the United Nations. It is one of five regional commissions within the United Nations framework, which include: Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, Economic Commission for Latin America and the Caribbean, and Economic and Social Commission for Western Asia. As a regional commission, its primary responsibility is to facilitate the work of the United Nations at a regional level.

Membership

Located in the European Union, non-European Union Western and Eastern Europe, South-East Europe, Commonwealth of Independent States (CIS), and North America, 56 States make up the membership of the UNECE.

Context of this Committee for DAYMUNC XIX

For DAYMUNC XIX, the UNECE committee will be a resolution writing committee. For this special session of the committee, additional States will be observing and contributing to the discussions of the topics.

Topic 1 – The European Debt Crisis: Reform and Recovery

Introduction

Debt financing has become a major part of fiscal policy for both the individual consumer and the UN Member State. State financing on credit has both led to economic growth and economic downturn. Currently, the European economy is working to overcome a sovereign debt crisis that has rattled several members of its economic union. For this session of the UNECE, *The European Debt Crisis: Reform and Recovery* will be on the agenda.

The European Union

On February 7, 1992, members of the European community signed The Maastricht Treaty which formally established the European Union and led to the creation of the euro.¹ In order for the States to eventually adopt the euro as a common currency, the treaty established criteria based on Article 121(1) of the European Community Treaty.² This included pledges to limit debt levels and deficit spending; pledges that proved to be difficult to keep for several Member States.

Crisis in Portugal, Ireland, Italy, Greece, Spain... Europe

December 8, 2009 could be considered as the day that the current Eurozone debt crisis surfaced.³ It was on this day that credit agencies downgraded Greece's debt.⁴ The debacle traces back before that date to failed fiscal policies that led to the downgrade, but it's important to understand that a credit downgrade is a prominent "red flag" that leads to uncertainty in the market. Downgrades in other European Union (EU) States, such as Portugal, Ireland, Italy, and Spain, have subsequently led to more uncertainty for the entire region.

Why is a credit rating downgrade the start of a crisis? A credit rating is a grade for how well a country can pay back its debt. When a State's rating is downgraded, it means that there is less confidence in that State's ability to pay back their debts. As a result, interest rates on their loans go up making it more expensive to borrow money. For the European States that had their credit downgraded, it was already getting difficult to pay back debt, that's why they were downgraded. Then it became even more of a strain because interest rate hikes made it more expensive to carry the debt they already accumulated.

Emergency Measures

Because the debt problems proved to be so large and European States have become so interdependent within their economic union, establishments within the European Union were mobilized in order to uphold the European economy. On May 9, 2010, a €440 billion lending mechanism, the European Financial Stability Facility (EFSF), was created to help EU States dealing with financial

¹ [The Maastricht Treaty - Eurotreaties](#)

² [The Maastricht Treaty - Eurotreaties](#)

³ [European Debt Crisis Timeline - The New York Times](#)

⁴ [Credit Agencies Downgrade Debt Linked to Greece - The New York Times](#)

difficulty.⁵ Then on January 5, 2011, the EU created the European Financial Stabilization Mechanism (EFSM), a €60 billion emergency funding program guaranteed by the European Commission using the budget of the EU as collateral.⁶

The purpose of these emergency measures was to prevent the collapse of State economies and to help the market regain confidence. While they have caused stocks to surge and the euro to grow after their announcements, it is still unclear what the overall affect the EFSF and EFSM will have on the overall debt crisis. How should these funds be utilized moving forward and what kind of structure should the permanent rescue fund, the European Stability Mechanism, have?

Austerity Measures

Emergency assistance from external assistance has been vital to debt-ridden States, but the road to recovery involves more than just external forces. Internal reforms must be in order for States such as Portugal, Ireland, Italy, Greece, Portugal, and Spain. Within the political systems of these States, government officials have been faced with difficult decisions about where to cut back on government spending.

Since government expenditures and jobs contribute to the overall health of the economy, it's a balancing act of where to make cuts without hindering growth. It's an important policy statement for these States to show investors that they are committed to decreasing their debt. However, controversy persists when policy makers have to choose between which areas to eliminate funding for. These austerity measures have caused citizens of these States to demonstrate their displeasure through protests.⁷

European Central Bank

A major part of the EU structure that has recently begun to play a role in the debt crisis is the European Central Bank (ECB). The ECB administers monetary policy for the EU and has been involved in the debt crisis due to the purchasing of bonds.⁸ Currently under complex debate are the limits that the Bank is constrained to within The Maastricht Treaty. Could the EU expand their powers to allow them to print money? What kind of impact would that have on the debt crisis?

Questions to Consider

As we approach our session with the topic of *The European Debt Crisis: Reform and Recovery* on the agenda, it is important for you to gain a thorough understanding of your State's position on the emergency measures and gather solutions for long-term recovery. What kind of reforms can European States enact in order to prevent a future crisis? What else needs to be done in order to facilitate recovery in the short-term? How can States grow their economies without increasing the amount of debt they owe? What are the consequences if one of the European States fail? What kind of role should the European Central Bank play in helping debt-ridden States recover?

⁵ [European Financial Stability Facility](#) - EFSF

⁶ [European Financial Stabilization Mechanism](#) - Europa

⁷ [Europe's Debt Crisis](#) - *The Wall Street Journal*

⁸ [Speech by José Manuel González-Páramo of the ECB](#) - *European Central Bank*

Topic 2 – Developing Sustainable Alternative Energies in Europe

Introduction

Access to energy is a foundational element to growing and maintaining economies of scale.⁹ As new and more efficient production technologies are engineered, energy systems are relied upon to power them. Because of this, sustainability in the energy sector has been chosen as a discussion topic. For this session of the UNECE, *Developing Sustainable Alternative Energies in Europe* will be on the agenda.

Alternative Energy

Alternative energies are fuel sources that have been developed and are being developed in order to improve existing energy infrastructures. They include, but are not limited to, nuclear, solar, wind, geothermal, hydroelectric, biofuels, and hydrogen.

Each form of energy has pros and cons that vary from region-to-region. For your research, it is important to identify your State's policy on the different energy sources. Does your State prioritize a certain source over another? Why? Are there alternative energy sources that your State does not support? What is your State doing to continue alternative energy development in order to improve existing energy infrastructures?

This topic does limit itself to alternative energy. The most important part of this topic is ensuring alternative energies are *sustainable*.

Sustainable Energy

An important concept to tie-in with *alternative* energy is working toward making these fuel sources *sustainable*. Within the structure of the UNECE is the Sustainable Energy Division.¹⁰ It's mandated to work toward securing affordable and sustainable energy supplies for all UNECE Member States.¹¹

Sustainability is a very broad term. Scott Foster, Director of the Sustainable Energy Division, says that sustainability in the energy sector means that it benefits society, the economy, and the environment.¹² It benefits society as a whole when it prevents overly positive and/or overly negative consequences to certain members of the public. It benefits the economy when the energy solutions make economic sense and are affordable to the end user. It benefits the environment when it is not degrading to our planet.

Security and efficiency are two vital elements to a sustainable energy system. Energy systems need to be protected or secure in order for them to be beneficial. Security in supply and infrastructure ensures uninterrupted access to energy. Energy efficiency means that the system delivers the best results from source all the way to end use. End use efficiency covers a broad range of areas, such as technology transfer, capacity building, tariff structure, subsidies, and amount of investment.

⁹ [Energy for Sustainable Development](#) - United Nations Development Programme

¹⁰ [Sustainable Energy](#) - United Nations Economic Committee for Europe

¹¹ [Sustainable Energy](#) - United Nations Economic Committee for Europe

¹² [Scott Foster at Vienna Energy Forum 2011](#) - United Nations Economic Committee for Europe

Case Study: Siemens

On March 11, 2011, a massive earthquake struck off the coast of Japan triggering an enormous tsunami.¹³ Among the effects of the tsunami was a nuclear meltdown at the Fukushima Power Plant located right on the coast of Japan. The ongoing situation in Japan has caused Member States to reconsider future investments in nuclear energy.

Germany amended the German Atomic Energy Act to create a step-by-step approach to phase out nuclear power plants in its State by 2022.¹⁴ As a result, industrial and engineering conglomerate Siemens has decided to withdraw entirely from the nuclear industry.¹⁵ This is a glaring example of how public policy affects private industry.

Questions to Consider

As we approach our session with the topic of *Developing Sustainable Alternative Energy in Europe* on the agenda, it is important for you to gain a thorough understanding of your State's policy and recommended solutions on the issue. How can Europe continue working toward implementing sustainable alternative energy systems? What kind of work has been completed in the past to work toward this? What kind of work should be completed in the future to continue the progress? Are there any goals/standards that should be enacted in order to hold States accountable in working toward the development of sustainable alternative energy? Has your State's policy changed since the situation in Japan? What kind of resolution can the UNECE come to about the future of nuclear energy?

¹³ [Japan Tsunami](#) - CNN

¹⁴ [German Statement at 55th IAEA General Conference](#) - International Atomic Energy Agency

¹⁵ [Siemens to Quit Nuclear Industry](#) - BBC