

MOOT PROPOSITION

State of Grandiana

Grandiana is a developed country situated in the continent of Alasia, the largest continent. It is a relatively small nation (in terms of the geographical area) with a population of around 10 million people (approximately). It has achieved global economic might in a short span of hundred years, since its independence from the old colonial powers. Its economic growth is based on the huge industrial exports of goods and the heavy industrialization it has achieved. However, Grandiana is hugely deficient in many raw natural resources due to the semi-arid climate prevailing in its geographical location. Grandiana is one of the major exporters of finished consumer goods to many of the lesser developed countries. It is one of the founding members of the WTO-GATT framework. It generally has been committed to the idea of free economic trade at the international level. Grandiana has been a major player in the arena of international trade cooperation; and it is second-most developed economy in the world. It has a general reputation of helping the lesser developed countries in their economic growth and economic development. However, some critics' state that the State of Grandiana offers help to the lesser developed countries in order to establish its global hegemony and its global dominance. The economic alliances by the State of Grandiana have been alleged (by some) to be a façade for creating its own virtual colonies all over the globe.

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State of Locasia

Locasia, on the other hand, is a least developed country (LDC) situated in the abutting continent of Euroasia. Euroasia is a continent which is known for its biodiversity and for its ecological richness. Locasia is a huge country (in terms of the geographical area) and it has a population of around one billion people (approximately). It has got its political independence around twenty years back from the old colonial powers. It has huge deposits of the basic raw natural resources but the same have been largely untapped till yet. This country is stricken with abject poverty and long famines. The human rights abuses against its citizens and its laborers have also been a big issue in this country. It has not been able to successfully achieve proper industrialization till yet. It still depends on the exports of rudimentary goods; and the agriculture for its finances. Locasia is rich in environmental resources and is also a hub of the bio-diversity. It is a house to many rare ecological sites. Locasia has joined the GATT-WTO framework only five years back. It is now a full member of the WTO. But, five years back it was opposed to the idea of WTO because of the number of free trade obligations being onerous on the lesser developed countries. However, with time, it has embraced the WTO-GATT framework fully. The State of Locasia has developed good relations with the State of Grandiana since the last ten years.

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Turn of Events

In March 2016, the Dr. Jabio, Prime Minister of Grandiana made an official visit to Locasia for having better economic cooperation between the two countries. During this visit, the heads of both the States signed a treaty contract for the setting up of a sea-trading port on the coastal region of Nacaria, situated in the western coast of Locasia. The trading port in this region would give Grandiana easy access to the major regions in the continent of Euroasia. This trading port would bring huge revenue to the poor country like Locasia. The profit ratio from the trading port would be distributed in the ratio **70:30** amongst Grandiana and Locasia, respectively. The Prime Minister of Gradiana has agreed to invest USD 100 million dollars for the establishment of this trading port and also agreed to provide technical support for this port. Dr Jabio issued a statement:

“Both of the countries have faced similar problems in the past. Our common heritage and are common ideals require that we must unite together for the greater future. This trading port will be a symbol of our friendship and it will help us to collaborate in the economic development of our countries. This trading port marks a new start to our old friendship.”

In October 2016, Grandiana transferred USD 20 million to Locasia for the establishment of the said trading port. Consequently, the work started at the site

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of the proposed port with the technical support from Grandiana. Then, the work commenced on full scale and the construction work also started.

Genesis of the Dispute

In February 2017, Locasia saw overturn of the old Government of Mr. Han, LJP Party. The New Government was established by CP Party which was a communist party and it did not agree with the erstwhile policies of the LJP Party. It called the LJP Party as a capitalist stooge of the country of Grandiana.

The newly appointed president Mr. Gani issued the following statement:

“The old government of Mr. Han, LJP Party has plundered the wealth and the natural resources of our country. We cannot allow this any further. We cancel the proposal of the trading port in alliance with Grandiana. This project does not serve our national interests.”

The agreement for the establishment of the said trading port in the Nacaria region was irrevocably revoked on 10th March, 2017 because this region was rich with bio-diversity and it was also a house to one endangered species of Zebra. It was feared that the industrialization of this region would erode the environmental worth and the biological worth of the region. The spokesperson of the CP party

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also cited the UN Rio Declaration of 1992 in support of the revocation of the treaty contract with Grandiana. The said Spokesperson also stated that the endangered species of Zebra namely the Grevy's Zebra was found in that region. The Grevy's Zebra is already facing the threat of extinction due to issues of loss of habitat and the changing environment scenarios. Grevy's Zebra is also listed as an endangered species in the list floated by the International Union for Conservation of Nature and Natural Resources (IUCN). This category of Zebra is not found anywhere on the globe. Another justification for the revocation of the treaty contract was found in an Environment Impact Assessment Report dated 1-1-2017. According to this report, the proposed trading port will completely erode the environment of the Nacaria region of Locasia. It will also lead to the extinction of the Grevy's Zebra existing in this region. This report has been made a former UN expert specially appointed by State of Locasia for this evaluation.

The State of Grandiana opposed the revocation of the said treaty contract. As a reaction to these developments, the official spokesperson of the Grandiana reacted to this development in the following terms:

“The revocation of the treaty contract by the new government of Locasia is plainly against the rules of the international laws and the same is a lame attempt to wriggle out of its existing obligations at the international level. We will pursue to matter at

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the appropriate level. This illegal act of the State of Locasia will not be allowed to go unnoticed. ”

In May 2017, as a result of the recent turn of events, the State of Grandiana banned the import of consumer goods from countries where the goods were made in violation of the human rights and the labor rights of the workers. It also banned the import of goods from countries where the goods were a result of the illegal animal hunting. These bans severely impacted the economy of Locasia. Consequently, the exports from this country to Grandiana have reduced by 60 percent. This would lead to an estimated loss of USD 40 million in one year, as per the State of Locasia.

The spokesperson of State of Locasia reacted to these bans by saying that these bans are nothing just but a façade to take revenge for the cancellation of the treaty contract for the trading port at Nacaria. He said that these bans were primarily intended to cause economic destruction of the State of Locasia.

Also, around the same time, the State of Grandiana also gave a monetary subsidy to its local exporters of consumer goods, provided that they met the international human rights standards in the process of manufacture and distribution. This measure was strongly objected by the local manufacturers in the State of Locasia. The State of Locasia put a countervailing duty on the import of goods from the State of Grandiana in order to protect its local manufacturers of the consumer

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goods and to prevent the alleged dumping of the goods by the State of Grandiana.

The official spokesperson of State of Grandiana defended these trade measures taken by them on the ground that the measures were not solely directed towards the State of Locasia and that these measures were taken higher policy grounds. He said that the trade measures should not be seen as measures of vindication towards anyone. They were simply passed to promote human rights and better trade. The trade measures were supported by many other countries who are members of the WTO framework.

The Current Status

Due to the above state of circumstances, the State of Locasia has now revoked the MFN (Most Favored Nation) status of the State of Grandiana. It has approached the WTO dispute settlement mechanism for the resolution of the existing trade disputes with State of Grandiana. On the other hand, State of Grandiana challenges the said illegal revocation of the MFN status; and it also seeks monetary compensation and exemplary damages for the illegal acts of State of Locasia. The State of Grandiana does not oppose the jurisdiction of the WTO dispute settlement mechanism in the instant matter.

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Clarification: Both the countries involved are parties to all the existing WTO-GATT laws; and they are also parties to the international customary law obligations relating to the environment. Also, both the countries are bound by the general law obligations existing under the modern Public International Law. The facts stated in the Moot Proposition should be presumed to be factually true and correct. The instant Parties are full members of the UN and are also full members of WTO. The law evolved at the UN level is applicable to them.