

**SRI LANKA
MODEL UNITED NATIONS**



G20

STUDY GUIDE

THE GROUP OF TWENTY

The group of Twenty also known as the G20 was founded in 1999 by 19 individual countries and the European Union. The G20 was formed with an aim to maintain global financial stability through co-operation among a wide variety of markets. Among its objectives are the coordination of national policies to achieve global economic stability as well as sustainable growth, the promotion of financial policies that reduce the risk of financial crisis and the creation of an international financial architecture that benefits all countries greatly.

In terms of an MUN Committee the G20 will function as a Tier 1 Committee which would expect the delegates to have a sound knowledge of both economics and global finance and be able to propose solutions that are both analytical and innovative.

The delegates are advised to remember that the G20 functions as a forum and not a committee. Organisations are generally created with a specific mandate and carry out action in regards to addressing issues within this mandate. Forums however act as a place for discussion in regards to a specific topic. The gathering of members of this forum is simply for the purpose of discussion.

Conference Topic

Migration and Refugee Flow's Impact on the Global Economy

Practice Debate Topic

Limiting money laundering and tax evasion through enhancing transparency in the Banking Sector

Limiting money laundering and tax evasion through enhancing transparency in the Banking Sector

The current global economy faces a significant amount of challenge one of which is corruption. Tax evasion and money laundering which have fast become common malpractices cost economies billions of dollars each year.

Tax evasion is the illegal practice in which both companies as well as people attempt to hide their real income from the state. Tax Evasion mainly happens through the hiding of interest in offshore accounts, the mismanagement of accounting records or the use of Tax Havens.

The delegates are expected to distinguish between tax avoidance and tax evasion, analyse the effects of tax evasion on the global economy and the market and discuss solutions which can work towards its reduction.

Money laundering is essentially the concealment of the source and ownership of money/property. It commonly relates to both the drug trafficking and narcotics as well as the funding of international terrorism which makes money laundering a serious problem in the current context.

It usually happens in 3 stages which are the placement stage (Loan repayment, Currency Smuggling, Blending Money), the layering stage and the integration stage.

Placement is the stage at which criminally derived funds are introduced into financial systems. Layering which is the next stage of the process in which the property and its ownership and source is disguised. Integration which is the final stage at which the laundered property is re-introduced into the economy.

The macro economic consequences of money laundering are inexplicable changes in money demand, contamination effects on legal financial transactions as “black money” gets continuously cycled around the financial system and increased volatility of international capital flow and exchange rates owed to unanticipated cross-border asset transfers.

Case Study 1

The American Corporate Income Tax Rate is 35%. The Irish Corporate Income Tax is 12.5% significantly lower than other EU states and set with the intention of attracting large multinational companies to their shores.

The American telephone giant Apple by setting up a name sake headquarter in Ireland and by virtue of striking a deal with the Irish Government negotiated a tax rate at which the company paid around 0.005% of corporate income tax on a revenue of over 50 Billion Dollars Annually.

The deal made by the Irish government gave specific advantages to select companies which was later deemed as fraudulent by the UK and apply paying back taxes of a1.6 % Million Dollars

Case Study 2

The Cayman Islands are one of the few countries in the world that do not charge a corporation tax, a capital gains tax or any other method of direct taxation on companies located on the islands.

Thus the setting up of offshore accounts in territories such as these have become common.

It is estimated that a figure in excess of 30 Trillion Pounds is held in offshore accounts by wealthy corporations and people and the condonment of this by governments such as the United Kingdom especially in terms of Islands such as Jersey leads to further income inequality and the taking away of essential taxable income which could be used as spending on security, health and education.

Points to be Addressed

- The use of a more complete tax code that will both encourage companies to pay the tax as well as discourage companies who would try to avoid it.
- The global income tax policy
- The roles of Central Banks in combatting money laundering and tax evasion
- Transnational inter-banking cooperation
- Measures to improve the detection of money laundering.
- The balance between data privacy and anti-money laundering operations.

Migration and Refugee Flow's Impact on the Global Economy

Migrant - An umbrella term, not defined under international law, reflecting the common lay understanding of a person who moves away from his or her place of usual residence, whether within a country or across an international border, temporarily or permanently, and for a variety of reasons. (IOM Definition)

Refugee - A refugee is someone who has been forced to flee his or her country because of persecution, war or violence. A refugee has a well-founded fear of persecution for reasons of race, religion, nationality, political opinion or membership in a particular social group. Most likely, they cannot return home or are afraid to do so. (UNHCR)

Asylum Seeker - An asylum-seeker is someone whose request for sanctuary has yet to be processed. Every year, around one million people seek asylum. (UNHCR)

International Migration is a complex phenomenon which affects the economic and social structures as well as the security of nations in the world. Migration has been taking place for years. Migration can occur in a variety of different ways. People with the aim of taking advantage of better opportunities have migrated to more developed nations for decades through the process of skilled migration through education and employment. However in examining the recent context we see a large number of asylum seekers and refugees who are forced to or wish to find better places to live due to conflict, persecution, environmental degradation and change, and a profound lack of human security and opportunity. When discussing the effects of migration it is important to consider all aspects of migration such as the categorization of different types of migrants and the contrasting effects these have on economies as they can vary depending on these factors. International law influences migration policy primarily through effective invocation of various forms of "soft law" in internal and international political forums. International law raises both conflicting as well as complex issues regarding alienage and citizenship as well as legal protections related to migrant workers and immigrants granted under international law.

As delegates of the G20 you will be required to examine the issues migration and refugee flow has on a global economy and propose solutions to the problems at hand.

Case Study 1

The conflict with the Syrian Arab Republic has led to a mass outpouring of refugees and migrants from the nation. A majority of these migrants entered the nation of Turkey. According to IMF Reports in 2016 around 3 million Syrian refugees entered Turkey as a result of their open door policy.

This has affected Turkey's economy significantly in a variety of ways the first being public finance. The aid provided to Syrian refugees from the Turkish government is around 1-2 % of their Gross Domestic Product. Secondly we see these people able to function as economic actors both as labour for business as well as entrepreneurs . The number of new business formed in Turkey in 2012 was 157 but this rose to 1599 in 2015 displaying a positive economic aspect of mass migration. The surge of refugees has also affected the demographic structure of Turkey drastically. The migration also affected regional labour markets distorting labour supply and demand and having drastic effects on the wages paid for labour.

In the discussion of this topic the head table would require delegates to analyse global migration take into account the benefits it does bring to nations and work towards solving the issues it does bring about through sound economic analysis and inventive solutions that would bring about a lasting positive effect on global markets.

Points to be Addressed

- The benefits of migration for local Economies
- The Economic impact of migration in developing nations and the issue of Brain Drain
- The development of global governance frameworks for international migration
- the relationship between migration and rapidly changing levels and types of transnational connectivity.
- Economic impact of migration in countries which have a high rate of new migrants
- Distinguishing the impacts of migration between the headline GDP impact , the per capita impact and the per worker impact
- Fiscal costs of Migration
- The impact of migration on the labour market
- Skilled Migration and its effects on localized innovation
- The year by year effect of migrants versus the effects a migrant has over a lifetime
- The impact of migration on income inequalities
- The economic impact of migration in cities
- International law and its impact on migration.

For Further Reading

1/ http://www3.weforum.org/docs/Migration_Impact_Cities_report_2017_low.pdf

2/ https://www.oxfordmartin.ox.ac.uk/downloads/reports/2018_OMS_Citi_Migration_GPS.pdf

Sources

1/World Migration Report 2018

2/”A Fine Mess” by T.R. Reid

3/ Migration and International Law: A Short Introduction by Vincent Chetail