Economic & Social Council (ECOSOC)

Research Report

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Forum: Economic & Social Council (ECOSOC)

Issue: Evaluating the Global Impact of Unilateral Tariff Policies on International Trade

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Introduction

The issue of unilateral tariff policies on international trade arose during the administration of the U.S. President Donald Trump, marking a significant shift in the norms of international commerce. Trade relations had operated within a multilateral framework overseen by the World Trade Organization (WTO) facilitating smooth and predictable trade among its 160 member states through negotiated agreements and a rules-based system. The Trump administration's imposition of tariffs on a wide range of countries represented a change from this system. This introduced a more confrontational approach to trade which emphasizes national interest over international cooperation. This policy direction is seen by some analysts as an "all-out trade war" (BBC).

These unilateral tariffs pose several pressing challenges to the global trading system. They can increase the cost of imported goods and raw materials, reduce the competitiveness of domestic industries, and impose financial strain on national economies. These measures often trigger retaliatory actions which can result in disruptions to supply chains and global investment patterns. They can foster an unpredictable trade environment and deter long-term economic planning and undermine global market stability. Such policies also challenge and undermine the established multilateral trading system governed by the WTO.

The key stakeholders affected by this issue include the countries imposing and those targeted by unilateral tariffs and the international bodies that govern trade. The United States has played a central role in initiating these policies. These policies have significantly impacted countries such as China (facing a 145% increase in U.S. tariffs), Brazil (subject to 50% tariffs), and South Korea (which agreed to a 15% tariff deal). The industries, supply chains, and economic stability in the affected nations have suffered immensely as a result. In addition to this, the ripple effects of these disruptions have been felt by many more nations in the international community. The WTO and the 98% of global trade it represents also loses legitimacy when its authority is challenged.

Definition of Key Terms

Unilateral

A one-sided action or decision performed by or affecting only one party, person, or group involved in a particular situation, without the agreement or participation of others.

Tariff

A tariff is a tax imposed by one country on the goods and services imported from another country to influence it, raise revenues, or protect competitive advantages.

Protectionism:

Protectionism refers to government policies that restrict international trade to help domestic industries.

Trade War:

A trade war is an economic conflict between countries that involves implementing protectionist policies in the form of trade barriers.

Background Information

Why Countries Apply Tariffs:

In the modern day, tariffs can be generally sorted under one of two categories: bilateral tariffs and unilateral tariffs. Bilateral tariffs are mutually agreed upon and negotiated by two or more countries. These can commonly end up manifesting in the form of Free Trade Areas (FTAs), which are agreements between two or more countries, which allow for trade, free of any economic barriers, between states party to the agreement. Unilateral tariffs on the other hand, refer to tariffs applied independently by a country on another country (or group of countries), and it is these which are subject to major controversy in the modern global economic landscape. Unilateral tariffs are usually put in place as a means of protectionism, with the aim of boosting domestic markets. With large multinational corporations growing more prominent in the international economy, many countries view tariffs as a necessary precaution to protect small enterprises from international competition. International competition can lead to markets becoming less competitive and stunt the growth of local brands, which are crucial to a nation's economic growth and stability. According to the Corporate Finance Institute, protectionist policies (theoretically) yield higher employment rates, reduce import levels, and boost the economy's Gross Domestic Product (GDP) due to a rise in domestic production,[1] showcasing the important role protectionist policies like tariffs can play in a country's economy.

Many countries also use tariffs as a form of government revenue, specifically developing countries. In countries like Jamaica, the Bahamas, and Botswana, for example, revenue generated by tariffs makes up over 30% of annual government revenue.[2] This revenue is crucial in boosting economic welfare, as it allows the government the necessary means to invest in national infrastructure (which includes sectors of the economy ranging from education to healthcare).

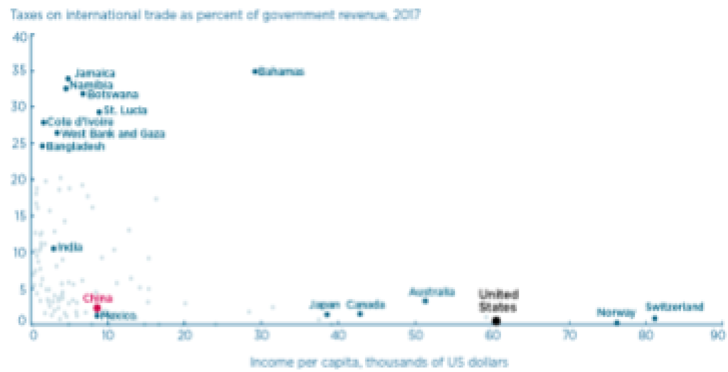

Figure 1 - Graph showing countries most reliant on tariffs as a source of income (Peterson Institute of Economics)

Effects on the Global Economy:

Although tariffs, (especially those applied unilaterally) are generally designed to impact imports from only one or a few countries, they usually cause a ripple effect which can echo throughout various different sectors of the global economy in different parts of the world. The most common example of this is how tariffs can disrupt international supply chains. Tariffs, especially those applied by countries with a prominent role in the global economy, make international trade much more difficult, as they make imported products

[1] "Protectionism - Definition, Types, Advantages and Disadvantages." Corporate Finance Institute, https://corporatefinanceinstitute.com/resources/economics/protectionism/. Accessed 27 July 2025.
[2] Bown, Chad P., et al. "Mainly Poor Countries Use Tariffs as a Major Source of Government Revenue." Peterson Institute for International Economics, 16 July 2019, https://www.piie.com/research/piie-charts/2019/mainly-poor-countries-use-tariffs-major-source-government-revenue. Accessed 27 July 2025.

significantly more expensive than domestic ones. This can heavily impact industries which rely heavily on imported goods to produce their products.

The electronics industry, for example, was heavily affected by the tariffs the US placed on China in early 2025, as China, being a global leader in technology, is home to many of the suppliers US electronics companies rely on for parts. The tariffs made said parts much more expensive, in turn increasing the prices of many electronic products around the world. Apple, one of if not the largest global electronic device brand globally, is predicted to have an increase in price of around 40% on its most profitable products following the US's tariffs.[3] Tariffs can also disrupt the income of many developing countries, which rely on exports of certain goods. Countries like Nepal, the Philippines, and Pakistan, all heavily rely on exports of manufactured goods and are estimated to experience at least a 5% decrease in exports following US tariffs.[4] These tariffs could drastically jeopardize the economic growth of these countries, as they are estimated to gather a loss of at least 3-5% in GDP.[5] This showcases the drastic effects tariffs can have on the flow of international trade, and how they (especially when applied by the most prominent of economic actors) can have a large impact on different countries and industries around the globe.

Weaponization of Tariffs:

In recent years tariffs have been used as a means for political coercion in a phenomenon which has come to be coined as the "weaponization of tariffs". The US-China trade war is the first case in which the term was used. Many organizations, like the Atlas Institute of International Affairs have made the argument that "tariffs, which were once thought of as economic tools, are now being used more and more as strategic tool by superpowers, especially China and the US, to achieve geo-political objectives, demonstrate

[3] Sriram, Akash, and Shinjini Ganguli. "A $2300 Apple iPhone? Trump tariffs could make that happen." Reuters, 5 April 2025, https://www.reuters.com/technology/will-trump-tariffs-make-apple-iphones-more-expensive-2025-04-03/. Accessed 28 July 2025.

[4] "How Trump's Tariffs Could Hit Developing Economies – Even Those Not Involved in the Trade War." TESS, tessforum.org/latest/how-trumps-tariffs-could-hit-developing-economies-even-those-not-involved-in-the-trade-war. Accessed 28 July 2025.

[5] Ibid.

their influence globally, and alter the international order."[6] Many argue that the US's motive behind its tariffs against Chinese goods is meant as a show of power, and to put China on the defensive. The tariffs, for the US, act not only as a means of protectionism, but also a way to apply pressure on China, their political and economic rivals. Similarly, in retaliation, China placed tariffs of 30% on the US, as a means of not just applying economic pressure on the US, but to send a message and reasserting their place in international geopolitical power dynamics. These "trade wars"not only destabilize international trade relations and the global economy, but breed geopolitical conflict and fuel tension between world powers, the US and China being prime examples.

Role of the World Trade Organization:

The World Trade Organization (WTO), plays a prominent role not just facilitating but monitoring it. However, in recent years, this role has been heavily questioned and undermined – particularly following the US-China trade war. This comes mainly, due to the fact that the US and China have recently violated the WTO's trade rules, which don't allow for unilateral tariffs. Moreover, on multiple occasions, the WTO has ruled for the US to remove its unilateral tariffs, following complaints from several countries, including India and China. The US, on each occasion rejected the ruling on grounds of "national security", which led many to question the WTO's role, and its ability to resolve trade disputes. Petros C. Mavroidis, a former member of the WTO and a professor and the University of Columbia's Law School emphasized how the US is "one of the three big players in trade, along with China and the European Union. If one of the three big players says, essentially, 'I don't pay too much heed to what the WTO has to say,' you can imagine the WTO is shaken,"[7] highlighting how he doesn't believe the WTO has much of a say over what any of these countries do. Furthermore he's stated how he believes the WTO "is going through an existential crisis."[8] Mavroidis's words reflect what many in the international community believe is a time of uncertainty in international trade, which calls for reform of important

[6] Atlas Institute for International Affairs. "Weaponizing Tariffs: The US-China Trade Clash and Global Fallout." Atlas Institute for International Affairs, Kutay Kahraman, 13 April 2025, https://atlasinstitute.org/weaponizing-tariffs-the-us-china-trade-clash-and-global-fallout/. Accessed 28 July 2025.

[7] "Professor Petros C. Mavroidis on Tariffs and the WTO." Columbia Law School, 14 April 2025, https://www.law.columbia.edu/news/archive/professor-petros-c-mavroidis-tariffs-and-wto. Accessed 28 July 2025.

[8] Ibid.

international economic institutions set to minimize the effects of trade wars and economic barriers such as unilateral tariffs.

Major Countries and Organizations Involved

United States of America

The US is by far the country most involved with the topic at hand. Through its "reciprocal tariff policy" – first announced on the 2nd of April 2025 (which President Donald Trump branded "liberation day") – the US implemented a series of unilateral tariffs on all of its trade partners (over 180 countries), in proportion to their degree of trade relations. China, for example, (initially) received a 34% tariff, while other major trade partners received even larger tariff rates – Vietnam's 36% and Cambodia's 49% being other prime examples.[9] This policy marks the most significant shift in US trade policy in a very long time, and showcases the emphasis the newly reinstated Trump Administration place on protectionism. In a statement following the announcement of the policy, the White House expressed how the tariffs were applied with the purpose of "regulating imports … to rectify trade practices that contribute to large and persistent annual United States goods trade deficits."[10] The US, based on these actions, is one of, if not the biggest advocate of unilateral tariffs in the global economic landscape, presenting major challenges to global trade rules imposed by the WTO and countries against the application of unilateral tariffs.

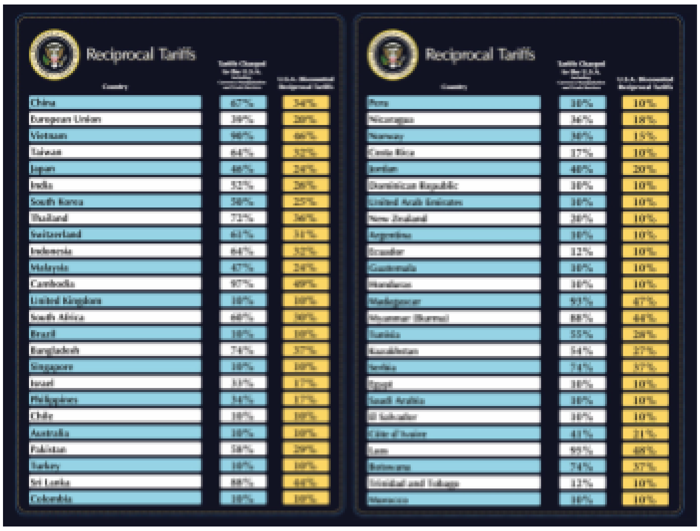

Figure 2 - List of Trump Liberation Day Tariffs

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[9] "Trump's list of countries facing reciprocal tariffs." CNBC, 2 April 2025, https://www.cnbc.com/2025/04/02/trump-reciprocal-tariffs-countries-chart-imports-united-states.html. Accessed 30 July 2025.

[10] "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits." The White House, 2 April 2025, https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/. Accessed 30 July 2025.

China

China has been one of the biggest actors in international trade in modern times, and its recent trade war with the US has shook the international community and led to a major ripple effect across the entirety of the global economy. Up until the Trump Administration's reciprocal tariff policy was announced the US and China had been engaging in a series of minor trade disputes in which the two superpowers had applied a 10% tariff on one another, each state retaliating by slightly increasing tariffs every time the other increased theirs. This ended with the US having applied tariffs of 20% on China by March 2025, which turned to 54% following the extra 34% tariff the reciprocal tariff policy applied on China. This is what truly aggravated the conflict between the two countries. What followed was an exchange in tariffs which saw the US applying a 145% tariff on Chinese goods and China applying a similar policy of 125%. Although China applied its own unilateral tariffs on the US, the country itself only did this in retaliation to the US's targeted policy. The state's stance on unilateral tariffs, as the US had implemented them, was made clear when they initiated a dispute to the WTO, regarding the reciprocal tariff policy, citing how they believed the policy violated international trade regulations.[11]

European Union

The European Union (EU), an economically integrated bloc spanning almost all European states, has risen as one of the most influential entities in international trade in the modern world. As stated before the EU is considered to be part of the "big three" actors in trade along with the US and China. The EU is generally considered an advocate of free trade, and has strongly opposed the application of unilateral tariffs in the past. On the 2nd of April, the EU received a 20% tariff, through the US's liberation day reciprocal tariff policy. Subsequently, the EU retaliated with its own unilateral tariffs, however similarly to China, showcased its general opposition to the principle of unilateral trade barriers on two different occasions, in which it filed a case against the US in the WTO. The first came in 2018, following a minor trade dispute between the EU and the US, in which the US applied tariffs on a selection of imports coming from the EU. The EU initiated a case against the US tariffs at the WTO arguing the tariffs were protectionist rather than based on national security (as

[11] "China initiates WTO dispute regarding US "reciprocal tariffs."" World Trade Organization, 2025, https://www.wto.org/english/news_e/news25_e/dsrfc_08apr25_e.htm. Accessed 30 July 2025.

the US had used as their justification for the application of unilateral tariffs).[12] The – following the Trump Administration's Liberation Day tariffs, then issued an almost identical case in May 2025, where it launched a dispute against "the US on its universal so-called 'reciprocal' tariffs and tariffs on cars and car parts, by formally lodging a request for consultations [in the WTO]."[13] This dispute is currently (as of July 30th 2025) still being negotiated at the WTO.

World Trade Organization`

The WTO – founded on the 1st of January 1995 – is "the only global international organization dealing with the rules of trade between nations."[14] It has 166 Member States, which represent 98% of global trade.[15] The WTO functions with the responsibility of facilitating smooth international trade, setting rules for international trade, and upholding said rules. The WTO stands for the fundamental principles which form "the foundation of the multilateral trading system."[16] This showcases the WTO's strong stance in opposition to tariffs and other unilateral trade barriers. Through the WTO, countries propose trade agreements and treaties, which are then voted on in the WTO ministerial council. The WTO also acts as a vessel for countries to settle trade disputes (as referred to before), the WTO then reaches a verdict on the disputes, however does not have any real binding authority in upholding those decisions, especially when dealing with highly influential countries in the global economy (US, China, EU States, etc).

Timeline of Events

Date	Description of Event
100 B.C	The Greeks and Romans become the first to implement a tax on

[12] Reuters. "EU initiates WTO case against U.S. steel, aluminum tariffs: WTO official." Reuters, 1st June 2018, https://www.reuters.com/article/business/eu-initiates-wto-case-against-us-steel-aluminum-tariffs-wto-official-idUSKCN1IX4UA/. Accessed 30th July 2025.
[13] "EU to Launch Case against US over 'unjustified, Harmful Tariffs' with WTO." Anadolu Ajansı, www.aa.com.tr/en/europe/eu-to-launch-case-against-us-over-unjustified-harmful-tariffs-with-wto/3561209 . Accessed 30 July 2025.
[14] "WTO | About the organization." World Trade Organization, https://www.wto.org/english/thewto_e/thewto_e.htm. Accessed 30 July 2025.
[15] "WTO ¦ Members and Observers." World Trade Organization, https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm. Accessed 30 July 2025.
[16] Ibid.

	imported goods.[17]
July 6th 1789	The US House of Representatives passes the "Tariff Act", which gives the state the power to apply unilateral tariffs.
1920s	Due to the economic crisis during the great depressions, tariffs and other protectionist policies became increasingly popular as nations used them to protect their fragile domestic economies.[18]
January 1st 1995	WTO is formed.
2018	EU – following a minor tariff dispute with the US – initiates a case against the US at the WTO.
April 2nd 2025	US President Donald Trump announces liberation day tariffs.
April 4th 2025	China retaliates to its liberation day tariffs by applying its own 34% unilateral tariff.
April 8th 2025	The US imposes a 104% tariff on China.
April 11th 2025	China retaliates with a 125% tariff on the US. The US, in kind, also hikes tariffs on China to 145%.
May 12th 2025	An agreement is reached between China and the US to temporarily reduce tariffs by 115%.

Relevant UN Treaties and Events

- **General Agreement on Tariffs and Trade (GATT, 1947):** reduce tariffs and trade barriers, promote fair trade among countries, and provide rules for resolving disputes. It helped lower tariffs worldwide, boosted global trade and economic growth, and laid the foundation for the World Trade Organization. (1947)

[17] "History of Tariffs." Shapiro, https://www.shapiro.com/resources/history-of-tariffs/. Accessed 30 July 2025.
[18] Ibid.

- **Unilateral economic measures as a means of political and economic coercion against developing countries (A/RES/74/200):** condemns unilateral economic and trade measures, such as tariffs, that harm developing countries and disrupt global trade. It stresses that these actions violate international law and undermine the multilateral trading system. The resolution calls for respecting WTO dispute mechanisms, avoiding unilateral actions, and monitoring their negative economic impact, promoting cooperation and rules-based global trade. (2019)
- **Human rights and unilateral coercive measures Resolution 34/13:** condemns unilateral coercive measures like economic sanctions and tariffs for disproportionately harming vulnerable populations, especially in developing countries, by restricting economic and social rights and undermining sovereignty. It mandates the Special Rapporteur to monitor and report on these human rights impacts and calls for international cooperation to reduce humanitarian harm, reinforcing the importance of multilateralism and respect for international law in economic and trade policies. (2017)

Previous Attempts to Solve the Issue

India's WTO Challenge to U.S. Auto Tariffs (2025)

India filed a formal complaint at the World Trade Organization against U.S. tariffs on automobiles and auto parts, claiming they qualified as safeguard measures under WTO rules. India also notified its intention to impose retaliatory tariffs. The U.S. replied by claiming that its tariffs were based on national security grounds and refused to engage under the WTO Safeguards Agreement. While the effort failed to achieve its primary objective of compelling discussions under that agreement, Indian officials viewed the move as a procedural step and a form of strategic signalling within broader bilateral trade negotiations.

European Union Countermeasures Against U.S. Steel and Aluminium Tariffs (2025)

The European Union responded to new U.S. tariffs of 25% on EU steel and aluminium imports by proposing countermeasures on U.S. exports worth up to €18 billion. These measures were intended to pressure the United States into rolling back what the EU viewed as unjustified and protectionist trade actions. The EU's response did not immediately succeed in reversing the U.S. tariffs.

Possible Solutions

Coming To a Clear Conclusion Regarding Unilateral Tariffs:

Although unilateral tariffs are widely recognized as violating WTO trade agreements, specifically the General Agreement on Tariffs and Trade (GATT), there is still massive discourse surrounding the legality of unilateral tariffs and their application. The US for instance, argues its unilateral tariffs are a “matter of national security” therefore allowing for the application of unilateral tariffs. It is clear the agreed upon consensus on unilateral tariffs needs to be updated and made clear so that their legality needn't be called into question.

Reformation of The WTO:

The role of the WTO in the global economy, as referred to before, is being increasingly questioned. It has become clear that WTO verdicts don’t mean much in the grand scheme of holding the largest economic agents accountable, due to the lack of any major binding power its decisions have. Giving the WTO certain tasks or asking to refer to the UN Security Council, for example, could be a viable solution to reinstate its significant role in the global economy.

Guidelines on The Application Tariffs:

Part of the reason, not just unilateral tariffs, but any kind of trade barrier is so highly contested, are the way they are applied, and the domino effect they have on the remainder of the global economy. Having a middle man, like the WTO for example, facilitate tariff agreements between countries could minimize the chance of increasing tensions between the states involved. Moreover, something like a mandatory report a country must submit before applying any kind of tariff, could promote transparency and make reaching diplomatic solutions much easier.

Useful Links

Council on Foreign Relations: https://www.cfr.org/

World Trade Organization: https://www.wto.org/

United Nations Conference on Trade and Development: https://unctad.org/

Hinrich Foundation Global Trade Research:
https://www.hinrichfoundation.com/global-trade/

Reuters : https://www.reuters.com/

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