

Forum: Economic and Social Council

Issue: Examining the Impact of the United States' Tariff Policies on International Trade

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Introduction:

International trading has recently become the subject of significant strain as a result of tariffs being increasingly used as tools of economic and strategic policy. The renewed implementation of tariffs as an economic bargaining tool by the United States is amongst one of the most consequential developments, with the United States's use of them targeting a wide range of goods involving hundreds of countries and uninhabited islands. Using a historical lens, tariffs were used by States as a way to generate revenue for governments, as well as a measure used to protect the developing domestic industry of a State. However, globalisation and modern international economics have evolved tariffs to become a broader political tool used to address imbalances in trade, strengthen domestic manufacturing, as well as becoming a geopolitical weapon in trade wars. As the United States is one of the world's largest importers and exporters, as well as being home to central financial centres, changes in tariff policy can have large impacts on global commerce.

Since 2018, the United States has been the perpetrator of multiple implementations of tariffs on various states, most notably the People's Republic of China. The use of tariffs was justified by the United States on multiple factors, from security concerns to aiming to revitalise domestic employment. These measures, although seemingly effective in the short term, can trigger retaliatory actions by states, through raising costs for producers and consumers, disrupting supply chains, and generating uncertainty in international markets.

Beyond trade disputes, the impact of the United States' tariff policy can lead to dire consequences. "Tariff wars" between economic superpowers can lead to weakened confidence in multilateral trading rules, most notably the ones upheld by the World Trade Organisation. If major powers prefer unilateral restrictions rather than negotiating dispute settlements, LEDCs may have reduced access to markets, have declining demand for exports, and become more vulnerable to external shocks. States that rely on global trade and its principles are particularly vulnerable when it comes to tariffs affecting key goods.

In addition, actors which support tariff policies argue that trade which is unrestricted would generate industrial decline over the long term, as well as States generating a dependency on

globalisation to sustain themselves, coupled with unfair competitive conditions when subsidies, non-market practices, or forced technology transfers distort markets.

This issue, therefore, requires that the economic, legal, and developmental consequences of the United States' tariff policy on international trade be properly examined. Moreover, the immediate consequences of tariffs commercially should not only be the main focus but also determining if an increasing use of tariffs in trade signals a shift in global trade standards.

Definition of key terms:

Tariff: A tax or duty implemented on imported goods by a government, used frequently as a means to raise revenue internally or to protect domestic industries from foreign competition.

Protectionism: A policy in economics that uses tariffs, quotas, subsidies, or other trade barriers as a means to shield domestic producers.

Retaliatory tariffs: Tariffs imposed by a State in order to respond to tariffs, sanctions, or trading restrictions imposed by another State.

Trade Deficit: Term used to describe a State that imports more goods and services than it exports over a period of time.

Supply Chain: The network of producers, suppliers, transporters, and retailers which are involved in delivering and creating goods to consumers

Multilateralism: A system where multiple States cooperate through collective rules and institutions in order to combat shared international issues, including trade.

Background:

Historical Role of Tariffs in the United States

Tariffs have been an important factor in the economic history of the United States. In the 1800s, revenue from tariffs was a substantial source of federal income used to protect domestic industries emerging at the time from external competition. High tariffs were justified as a necessary factor for industrialisation, economic autonomy, and job growth.

After the Second World War, the United States soon became one of the leading States advocating for freer trade. The US was a key contributor in establishing institutions such as the General Agreement on Tariffs and Trade and the World Trade Organisation. With these

frameworks, international trade and economics saw a major reduction in tariffs, contributing significantly to cross-border commerce and globalisation.

Despite this, tariffs never disappeared entirely from trade policy. They were used selectively by States in agricultural, steel, and textile markets, most notably when domestic industries faced competitive pressure.

Tariff Politics in the Twenty-First Century

By the 21st century, the United States faced intensifying concerns over job losses in industrial regions, a decline in domestic manufacturing, major trade deficits, and the emergence of China as a major economic competitor. Policymakers argued that the existing trade arrangements were not adequately addressing unfair market distortions and currency practices at the time.

The concerns raised became the base of fertile political ground to assert a more aggressive tariff policy. Beginning in 2018 during Donald Trump's first term, the United States implemented tariffs on imported goods totalling hundreds of billions of dollars in value, specifically targeting China. These major changes in tariff policy were justified on the grounds of national security. Trading partners responded to the United States with their own tariffs, highlighting the rise of tariffs transforming from a technical trade tool to an instrument of economic conflict used to garner leverage and domestic political messaging.

Tariff Policy During Trump's Second Term

During Donald Trump's second term, tariff policy was a prominent factor in the US's foreign policy and, in some cases, was intensified. Trump's administration promoted wider tariff mechanisms, which aimed at reducing the nation's dependency on rivals such as China, in the aim of encouraging the growth of domestic manufacturing as well as addressing trade imbalances.

China continued to be the victim of US tariffs, where manufacturing, electric vehicle supply chains, batteries, telecommunications equipment, and industrial machinery were targeted by Trump's tariffs. Additionally, scrutiny was further placed on goods which entered through external countries under suspicion of tariff circumvention. Trump's administration thought of or directly implemented targeted tariff pressure on other States globally, through the argument that market barriers, migration issues, or security burdens meant that the United States needed stronger negotiation leverage, broadening the role of tariffs to become a wider diplomatic tool within US policy.

While supporters believed that these were necessary measures in order to rebuild domestic industry, amongst other factors, critics called out the fact that the repeated use of tariffs on imports risked raising prices on consumer goods, uncertainty for investors, retaliatory responses by States, and weakened confidence in globalised trade.

Impact on Global Supply Chains

An immediate impact of the expanded tariff policy by the US has been the disruption of supply chains. Many modern production systems' components cross various borders before they reach the final assembly steps. If tariffs are to be imposed at any point in the system, manufacturing costs may increase throughout the entire chain. For example, tariffs on steel are likely to raise the domestic cost of machinery, automobiles, and infrastructure development in the United States, or tariffs on electronic parts may affect computer manufacturers who depend on the supply of the tariffed state.

Businesses wary of economic consequences may postpone investments, relocate production, find other suppliers or raise costs on consumers. Therefore, various companies have begun to move production to low-cost States such as Vietnam, India, and Mexico, as well as implementing broader diversification strategies. Despite some States directly benefiting from company relocations, the rapid relocation caused labour hurdles and uneven gains.

Implications for Developing Economies

In the major-power-tariff competition, developing countries see mixed results. Export opportunities may emerge for some economies when supply chains move elsewhere, or demand moves away from the tariffed producers. Some, particularly those reliant on commodity exports or incorporation into complex manufacturing networks, will experience slower global growth and lower demand. Many smaller economies don't have the ability to accommodate tariff shocks.

Moreover, they may not have the bargaining leverage to broker exemptions or may not have the budgetary resources to subsidise affected industries. Currency fluctuation, loss of confidence and logistics of economic stress also worsen economic anxiety. Uncertainty in the global trading environment may also impede long-term planning for the development of least developed countries. Export-led growth strategies need predictable market access, stable rules and transport networks, which are all important pillars if those factors are to be secured or disrupted during periods of tariff escalation.

Implications for the Multilateral Trading System

The larger impact of increasing the use of tariffs is that it undermines multilateral trade standards. Since the mid-twentieth century, global trade governance has relied on agreements, mutual concessions and institutions to facilitate dispute settlement. It might lead to a loss of confidence in these mechanisms after major powers have favoured unilateral tariff action.

The World Trade Organisation has come under growing strain in handling disputes over national security exceptions, industrial subsidies and retaliation measures. If formal institutions do not hold up well for managing trade tensions as they currently occur, they might be more prone to use bilateral pressure, regional blocs or self-help measures. Such a trend might turn global commerce into clashing spheres of influence, magnifying the challenges faced by smaller economies and undoing the efficiency gains that come from open markets.

Domestic Political Drivers

Domestic political incentives are also shaping tariff policy. Trade liberalisation in many industrialised democracies has come with uneven results. Though prices and variety are likely to benefit consumers, job displacement and social disruption may occur in specific areas and industries. Governments may use tariffs to show that they are responsive to communities hit by deindustrialisation.

In the United States, debates about tariffs tend to overlap with debates over wages, national resilience, border policy, strategic rivalry and electoral politics. And so tariffs may not be driven by economic efficiency alone, but rather a more general calculation of politics that also concerns itself with economic efficiency.

Timeline of Key Events

1947 The General Agreement on Tariffs and Trade (GATT) was a pact made in the wake of the Second World War. It was meant to lower tariff barriers and spur trade among countries through rounds of negotiated liberalisation. The United States was among the founding advocates and contributed to the creation of the modern rules-based trading system that would come to dictate global commerce for decades.

1 January 1995 The GATT was officially replaced by the World Trade Organisation, which established a more powerful mechanism to manage trade disputes and tariff obligations. The

body established binding legal institutions for addressing member states' disputes. This marked one of the most significant achievements, which was predictable cuts to tariffs and an increase in multilateral trade governance led in part by the United States.

11 December 2001 The People's Republic of China joined the World Trade Organisation and went further into global markets. This boosted manufacturing movement, cheaper buying power and increased trade worldwide. However, it also escalated fears in some parts of the United States of industrial contraction, layoffs and growing trade deficits, which in turn impacted tariff politics as they emerged in the years that followed.

8 March 2018 Trump's administration slapped tariffs on imported steel and aluminium on grounds of national security. The tariffs impact allies and rivals alike, including the European Union, Canada, and the People's Republic of China. This decision marked an unprecedented turn toward unilateral tariff enforcement, leading several trading partners to retaliate.

6 July 2018 The United States launched its first round of major tariffs aimed at Chinese imports, entrenching both States in the U.S.–China trade war. The People's Republic of China responded with tariffs on American agricultural and industrial products, which led to major increases in the price of imported products.

2021-2024 The successive Biden administration largely preserved most existing tariffs but intensified scrutiny of industries that include semiconductors, batteries, clean energy products, and advanced technology. Tariffs and industrial policy were increasingly associated with national security and economic resilience, not just traditional protectionism.

2025 Donald Trump started his second presidential term. Tariff policy revived its role as one of Trump's core economic weapons, with new proposals to increase duties on imports and promote reshoring of industry, and to increase price competition with trading partners over market access and strategic positioning. Global observers expected large-scale changes in trade flows and diplomatic relations.

Major parties involved:

United States: As one of the world's largest consumer markets and biggest economies, US import duties make a big difference in world prices, trade flows and investor confidence. Its goals include decreasing trade deficits, safeguarding domestic manufacturing, addressing unfair trading practices, reinforcing national security, and promoting supply-chain reshoring.

Utilising the executive authority, Congress and trade agencies can also impose, suspend or negotiate tariffs at the national and international level. It has already imposed tariffs on steel, aluminium, Chinese goods, and strategic industrial sectors.

People's Republic of China: Due to comprehensive US tariffs targeting Chinese exports, the People's Republic of China is among one of the most affected. With a dominant role in manufacturing and one of the world's largest exporters, China has an explicit interest in maintaining access to foreign markets and in resisting interventions that it sees as discriminatory or politically inspired. The reasons are to preserve industrial growth, retain jobs, preserve technological advances and to stay secure in the global supply chain. China's reaction has been twofold: retaliatory tariffs, bilateral talks, export market diversification and support for multilateral dispute mechanisms through the World Trade Organisation.

World Trade Organisation: The WTO is the world institution responsible for regulating trade norms and settling disputes between member states. It is interested in preventing unilateral tariff hikes, and preserves confidence in the rules-based trading system. Among the WTO's capabilities are dispute settlement procedures, a legal review of trade measures, and negotiating among members. Despite this, it relies on state coordination to ensure enforcement. It's an IGO central in any debate on reforming the governance of international trade, having handled multiple complaints based on the United States' own tariffs and retaliatory measures.

European Union: The European Union is an important stakeholder because its exports, being steel, aluminium, automobiles and manufactured goods, have become victims of U.S. tariff threats or restrictions. The EU is one of the world's largest collective economies and mainly seeks stable market access, predictable trade rules, and the protection of multilateral institutions. It maintains the capacity to negotiate collectively through the European Commission, apply countermeasures and press WTO cases. The EU has raised retaliatory tariffs in the past and called for a more effective institutional response to trade disputes.

Canada: Canada is deeply impacted due to being so integrated economically with the US through cross-border supply chains, mainly in steel, aluminium, automotive production and agriculture in particular. Canada's priorities revolve around ensuring predictable access to the U.S. market, in addition to insulating Canadian industries against the sudden shock brought by tariffs. Canada has reacted to earlier U.S. tariffs with countermeasures and legal challenges. Canada is able to negotiate regionally and internationally via bilateral agreements and regional frameworks such as the United States-Mexico-Canada Agreement.

Mexico: Mexico plays a key role as it is a tight part of North American manufacturing chains. Its incentives are to maintain tariff-exemption under regional pacts, foreign direct investment, and industrial expansion. When tariffs involve migration or border issues, Mexico also confronts pressure. It has reacted by making diplomatic deals, providing industrial incentives, and cooperating under the United States-Mexico-Canada Agreement. Mexico acts mostly at the regional and bilateral level but is increasingly becoming a global player.

International Chamber of Commerce: Organised around a common set of concerns, the International Chamber of Commerce serves as a voice for private-sector interests worldwide, promoting open rules-based trade. Firms rely on stable tariff policy to manage supply chains, pricing and long-term choices regarding investment. The ICC is not a legislator, but it shapes debate through lobbying, policy papers and diplomatic actions with governments and international organisations. It has long warned that abrupt rises in tariffs create uncertainty and costs for producers and consumers alike.

NGOs: NGOs interested in examining how tariff policies affect employment rights, consumer welfare, poverty rates, environmental standards, as well as access to essential goods. NGOs aren't able to enforce trade rules, but they can monitor the external conditions on a case-by-case basis, influencing national sentiment. Some favour specific tariffs targeted at abusive practices, while others oppose broad tariff wars that place disproportionate burdens on workers and low-income communities.

Relevant UN treaties, resolutions, and reports:

United Nations Conference on Trade and Development (1964): UNCTAD was founded in 1964 as an intergovernmental body dealing with trade and development. It was founded on the concern that developing States or LEDCs weren't positioned to thrive within the world trade institutions controlled by the industrial powers. From its inception, UNCTAD has generated rigorous research on tariffs, commodity dependencies, market access barriers and the disparate effects of protectionist regulations. In US tariff policy, UNCTAD reports are of special relevance since they often explore how conflicts between the world's leading economies constrain export capacity and growth opportunities for developing states.

Charter of Economic Rights and Duties of States (1974): This landmark General Assembly resolution recognised the right of every state to regulate foreign trade, control natural resources, and pursue its own economic system. It called for both cooperation and mutual benefit in international trade. The Charter matters because it emphasises that states

(including the United States) have sovereign authority on tariff policy, and that this authority must be exercised in a manner consistent with international cooperation and development.

United Nations Millennium Declaration (8 September 2000): The Millennium Declaration associated poverty reduction with a free, open, fair, rule-based, predictable, and non-discriminatory mode of trade. It acknowledged that trade access is key to developing nations, especially LEDCs. This declaration is relevant to debates around tariffs as escalating protectionism may hinder export prospects and erode development policies that rely on robust market access.

2030 Agenda for Sustainable Development (25 September 2015): The adoption of the 2030 Agenda for Sustainable Development led to the creation of the United Nations Sustainable Development Goals (SDGs). Multiple SDGs directly link to trade, such as Goal 8 (Economic Growth and Decent Work), Goal 9 (Industry, Innovation, and Infrastructure), Goal 10 (Reduced Inequalities), and Goal 17 (Partnerships for the Goals). Trade wars or aggressive tariff policies between major powers could directly hinder the progression of these SDGs, making the 2030 agenda highly important when discussing the wider consequences of US tariff use.

Previous attempts to solve the issue:

US-China Phase One Trade Agreement (2020): The most significant attempt made to address and resolve tariff tensions was the signing of the Phase One Trade Agreement between the United States and China. Held in Washington D.C. and after almost two years of tariff escalation during the US-China trade war, the agreement involved senior trade officials from both governments seeking to reduce tensions between the States without fully dismantling the tariff structure that had already been implemented. The agreement required China to increase its purchases of agricultural, manufactured, and energy goods from the US, improve its protection for intellectual property, and open selected financial sectors. In return for this, the US suspended a selection of tariff increases and reduced some duties, while still keeping others in place. Despite the agreement temporarily lowering tensions, it did not fully resolve the structural causes of the dispute. A variety of the purchase targets set by the US for China weren't met or became unrealistic due to changing market conditions, coupled with the COVID-19 pandemic. Disagreements over subsidies, competition in technology, and state-owned enterprise remained unresolved, and as a multitude of tariffs remained enforced, businesses continued to face uncertainty.

United States-Mexico-Canada Agreement Renegotiation (2018-2020): The renegotiation of the North American trade framework into the United States-Mexico-Canada Agreement was another effort to address regional tariff tensions. In negotiations between the United States, Canada and Mexico, the deal revamped rules for automotive production, labour standards, digital trade and dispute procedures. This process demonstrated that tariff pressure can be a means of turning the other side into the negotiating partner. Tariff threats wielded in the course of the negotiations bred suspicions between close economic partners. Companies heavily reliant on cross-border supply chains were unsure while negotiations were held. However, USMCA improved aspects of regional commerce. Still, it did not take the risk out of the equation that the eventual imposition of unilateral tariffs could disrupt North American integration entirely.

United Nations Conference on Trade and Development Policy Warnings and Research (2018–Present): The United Nations Conference on Trade and Development has repeatedly attempted to address the issue indirectly through research, trade monitoring, and policy recommendations. Its annual reports and updates analysed the economic costs of tariff wars, trade diversion, reduced investment, and risks to developing countries. These reports were circulated internationally and discussed in multilateral forums. UNCTAD's contribution has been valuable in identifying how major-power tariff disputes affect smaller economies that are not direct participants. It highlighted that some countries may gain short-term export opportunities, while many others suffer from slower growth and uncertainty. The limitation of this attempt is that UNCTAD has advisory rather than enforcement power, as it can inform policymakers but cannot compel tariff reductions.

Possible solutions:

Revised Multilateral Trade Rule Structures and Dispute: The first and foremost solution that can be applied to address the effects of tariff policy is to enhance and modernise the multilateral trading system, especially via the WTO. This answer is about trying to restore trust in international trade rules by developing dispute resolution mechanisms, establishing legal requirements for the exceptions to national security provisions and treating the tariffs in an open way. Among them could be reforming the WTO Appellate Body to ensure it can function fully, introducing expedited procedures for urgent tariff disputes, and better tracking compliance mechanisms. Further agreement among member states could be established to deal with current economic dynamics, such as digital trade and industrial subsidies.

and supply-chain security, reducing the need for tariff actions. Building on this effort, the United Nations system (especially via the Economic and Social Council) can promote joint actions by developing and developed countries to promote discussion and implementation of reforms in line with existing policies and goals, and be oriented towards development. Enhanced coordination between the WTO's legally binding frameworks and UN development frameworks would enable more nuanced examinations of tariff disputes on both legal and broader population-level effects. In return, it enhances predictability, lowers uncertainty for companies and investors, and strengthens a rules-based system that has a positive impact on big economies and small ones alike.

Coordinated Supply Chain Resilience & Diversification Frameworks: Another option is to limit the effects of tariffs by bolstering global supply chain resilience through coordinated international agreements. Instead of solely concentrating on tariff erosion, this answer highlights inter-state collaboration for the development of a more diversified production matrix, a reduction in reliance on a few suppliers, and continuity of essential goods and industrial inputs. Through regional and global deals, countries could work together to chart supply chain weaknesses, pool information on key sectors, and create investment in other production bases. In the past two decades, organisations like the United Nations Conference on Trade and Development have helped develop technical expertise, helping developing countries in joining new supply chains and investing in infrastructure needed to diversify trade. The establishment of a public-private partnership can also be a key factor enabling multinational companies to tap into government strategies to develop production bases beyond just the homeland. Development financing, capacity-building programs, and trade facilitation measures are important incentives for developing countries as their production patterns change. This solution minimises the systemic effects of tariff shocks by offering more flexible and diversified supply networks, thereby increasing economic resilience and making global trade more adaptable to geopolitical and policy changes.

Implementing inclusive trade and development mechanisms: A third option would be to counter the disparate impact of tariffs by bolstering support mechanisms for the economies and sectors most impacted by trade disruptions. International financial institutions like the World Bank and the International Monetary Fund should expand their programs towards supporting trade adjustment, financing infrastructure, industrial upgrading assistance, and training of professionals. The UN agencies of various organisations need to complement these with capacity-building, export diversification, or market-access strategies. Coordinated policies should also be developed to stabilize commodity markets and provide financing.

opportunities for small and medium-sized enterprises and foster regional trade integration. Social protection measures such as retraining for employment should relieve domestic effects of tariff-driven interruptions. This solution, through a combination of financial support, technical support, and coordination of policies, will ensure that international trade benefits are not simply passed onto individual nations; It should limit any potential for these tariff disputes (like climate change) between countries to worsen global inequality or slow down the development of countries.

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