



UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL RESEARCH REPORT I

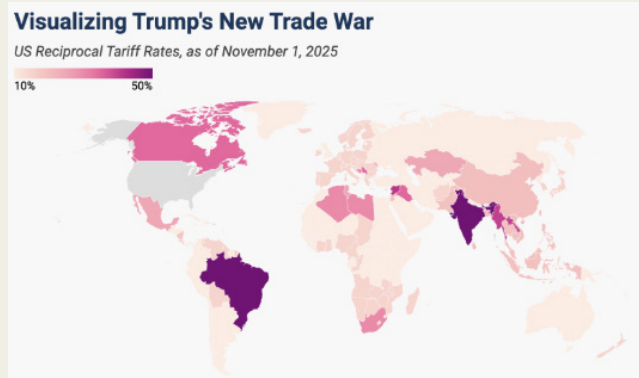
Addressing Global Trade Imbalances: The Role of United States Tariffs and Multilateral Economic Responses

Introduction to the Topic:

Throughout the years, countries worked together on trade rules. However, since the beginning of Donald J. Trump's second term, in January 2025, the tariffs on US imports from all global imports have increased significantly. The president has used some acts in order to accomplish this. He used the International Emergency Economic Powers Act and Section 232 of the Trade Expansion Act of 1962. The IEEPA tariffs can be introduced on the grounds of national emergencies over issues such as trade deficits and border security, which has led some courts to state that the tariffs imposed by the current US administration overstep the law's jurisdiction. However, while the Supreme Court reviews the matter, the tariffs remain in place. Similarly, those tariffs introduced under Section 232 of the 1962 Trade Expansion Act must be justified on the grounds of tackling national security matters, and, in 2025, they were used to increase tariffs on metals and to create new tariffs on vehicles and copper, but other product categories are also under review. On February 1, the US President, Donald J. Trump, declared several "national emergencies" regarding fentanyl trafficking and invoked the IEEPA to impose 25% tariffs on most goods coming from Mexico and Canada and 10% on goods from China. On May 28, judges from the US International Court of Trade agreed that the IEEPA tariffs were illegal.

President Trump has enacted tariffs under the International Emergency Economic Powers Act (IEEPA) on US trading allies, such as China, Canada, Mexico, and the European Union (EU). Moreover, the American administration has threatened and enacted Section 232 tariffs on automobiles, heavy trucks, steel, aluminum, lumber, furniture, semiconductors, pharmaceuticals, and copper, among other goods. As of the most recent trade arrangements (2025–2026), the tariff structure has evolved as follows: tariffs on Chinese imports have been reduced from earlier elevated levels to approximately 10% following a bilateral tariff-reduction agreement; imports from Mexico continue to face tariffs of up to 25%, though many goods remain exempt under the USMCA framework; a baseline tariff of around 10% applies broadly to many imported goods, including energy products; copper imports remain subject to high tariffs of up to 50% under national security justifications; tariffs on Indian goods range between 25% and 50%, including penalties linked to trade relations with Russia; Brazilian exports to the U.S. continue to face tariffs of approximately 50%; South African goods are subject to tariffs of around 30%; Vietnamese goods face tariffs of roughly 20%; Japanese and South Korean imports are subject to approximately 15% tariffs; and most EU goods are currently subject to tariffs of around 15%

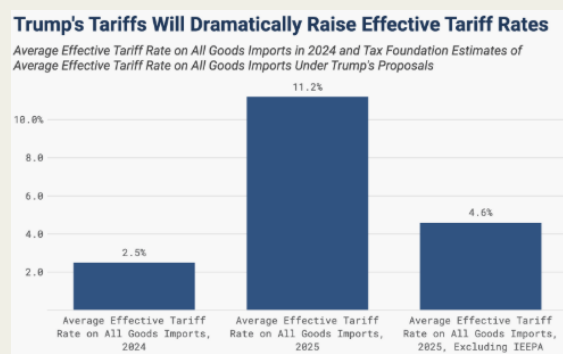




There has been retaliation from the affected parties. For example, China has placed very high (125%) taxes on all US goods, however this was later reduced to 10% as of May 2025, the USA reciprocated this. China also limited exports on materials used for technology. Canada retaliated by taxing back some US goods, such as vehicles and aluminum, although the majority of these taxes were removed in September. The European Union (EU) planned very strong tariffs for US goods, however, the introduction of the measure was delayed – in the meantime, a trade deal was signed between the US and the EU. The effect of these retaliatory tariffs is expected to lower the US's GDP by less than 0.05%, additionally it will reduce full-time employment by 27,000 full-time equivalent jobs.

Why is Trump increasing tariffs? The American President believes that this course of action will raise the government revenue through the taxes on imports, while also promoting Americans to buy American goods and boosting US investment and manufacturing – fostering the reindustrialization process of the American economy. One of the major aims of the American administration is to lower the considerable U.S. trade deficit, which, as stated by its political leader, is present due to unfair exploitation by other nations of the U.S. Donald J. Trump has also relied on the tariff threat in pushing other countries, including Canada and Mexico, to do more in combating illegal immigrants and drug smuggling into the U.S. Many of the tariff announcements, in fact, have been changed through negotiations. However, the tariffs have also caused turmoil within the US's economy. Their inflation was 3% in the 12 months to September, having gone up since April, when it stood at 2.4%. The cost of groceries was up 2.7% over the same period. Beef and veal were up more than 14%, while coffee surged by nearly 19%. Although the growth has been slow – the US is growing faster than other developed countries – their revenue collected by tariffs has trebled from last year's (2024) and resulted in the government gaining billions of funds. Nevertheless, according to analysts, the tariffs will reduce the overall size of the U.S. economy in the long run.

The tariffs have consequently affected the global economy: these tariffs produced significant uncertainty and turmoil when they were first introduced and although markets have since stabilized, growth forecasts have actually lowered, and according to international institutions such as the International Monetary Fund (IMF), the tariffs have had a negative effect internationally.



Background information

During the 1800s, tariffs protected American factories, mainly steel factories, helping the US build its own industries and railroads, becoming a strong economic power. During the Great Depression, in the 20th century, the US raised tariffs very high with the Smooth-Hawley Act in order to protect farmers and factories. This proved disastrous as each country responded to tariffs by increasing its own tariffs on imported products, leading to an international economic crisis. The United States have always been known as isolationists, and to follow this policy of isolationism, limiting manufactured goods coming into the country is a way to do it. Currently, after a phase of reducing tariffs to facilitate international trade, the U.S. has rediscovered the use of tariffs as a weapon to achieve strategic objectives. The recent trade wars between the U.S. and China in 2018 and the tariffs of 2025 reflect how an economic war is waged.



From 1798-193, tariffs were the main source of money to the government, providing 50-90% of its income. In the last 70 years, tariffs lost some significance in the overall budget of the U.S., providing less than 2% of government money as the U.S. and world lowered trade barriers through agreements. Trump's policy, therefore, represented a disruption with the economic trend and status quo. The latest movements from the American administration have shown us that the U.S. took advantage of the leverage it has over other countries' economies, which are reliant on their market, to tip the economic balance in their favor. However, in spite of any potential gains, the most recent policies have resulted in harmful effects such as China's retaliation (new taxes on U.S. coal, gas, and farm equipment, and investigations into U.S. companies), which destabilized the markets and made investors more reluctant.

After the Second World War, countries worked together to lower tariffs, leading to more global trade and agreements like the World Trade Organization (WTO) and United States-Mexico-Canada Agreement (USMCA). However, this changed in 2018 when the U.S. started a major trade war with China, using tariffs as a strategic weapon. The 2025 tariffs continued this shift, moving away from cooperation and creating new global economic uncertainty.

The effects of U.S. tariffs go beyond GDP and other macroeconomic factors. Tariffs hurt jobs, industries, supply chains, and households, both in the U.S. and globally. In 2025, as tariffs continued to escalate, uncertainty surrounding trade agreements led to a significant slowdown in hiring, with average monthly payroll growth falling to around 34,600 jobs compared to some 170,000 in 2024, and unemployment rising from 4.1% to 4.6%. According to economic studies, tariffs have made it harder for firms to hire workers, particularly in the retail, transportation and warehousing sectors, which are sensitive to trade costs and supply chains. Beyond national labor markets, modelling of the academic suggests that tariff escalation and retaliation can lead to global employment losses of tens of millions of jobs. Job losses will be concentrated among low-skilled and informal workers in open economies. Higher tariffs raise input costs for industries that use imported intermediate goods. As a result, their competitiveness declines. Overall, investment is discouraged, and firms may cut production or employment. Tariffs lead to higher consumer prices and distort global supply chains, which weakens purchasing power and slows economic activity. The International Monetary Fund says that if all countries continue to increase tariffs, global growth will weaken and inflation will intensify. Otherwise, low-income households and developing countries will bear the brunt of the consequences.



Past UN Actions

UN General Assembly Annual Resolutions on “International trade and development” (e.g., A/RES/77/239): These resolutions consistently reaffirm the commitment of all member states to a rules-based, open, and non-discriminatory multilateral trading system under the WTO. They stress that trade protectionism should be avoided and call on countries to refrain from applying unilateral economic measures not in accordance with international law.

• **UNCTAD Trade and Development Reports (e.g., 2019):** The UN’s lead trade body has repeatedly analysed and condemned unilateral tariffs, such as those imposed during the 2018-2019 U.S.-China trade war. Its expert consensus finds that such protectionist measures act as a tax on global growth, disrupt supply chains, harm developing countries disproportionately, and undermine the multilateral trading system.

• **ECOSOC Presidential Statement (July 2018):** At the height of previous U.S. tariff actions, the President of ECOSOC issued a formal statement expressing deep concern over rising protectionism and trade tensions. The statement warned that such measures pose a real risk to global economic stability and the achievement of the Sustainable Development Goals (SDGs), urging the resolution of disputes through dialogue and within the multilateral framework.

Focus of the Debate

The debate should focus on the fundamental tension between unilateral power and multilateral rules: whether the United States’ use of aggressive tariffs is a necessary and legitimate tool to force negotiations and correct perceived unfair trade imbalances, or whether such measures are inherently destructive, provoking retaliatory cycles that fragment the global economy, undermine the World Trade Organization (WTO), and ultimately harm global growth and development, thereby making a cooperative, rules-based multilateral response the only viable path to sustainable and equitable trade.

Significant Parties

United States: The United States is the primary actor in this issue, having imposed extensive tariffs under IEEPA and Section 232 to address trade imbalances and protect domestic industries. These measures have reshaped global trade patterns and triggered widespread retaliation, making the U.S. central to both the problem and potential solutions.

China: They are one of the most affected parties due to its large trade volume with the United States. U.S. tariffs on Chinese goods led to strong retaliatory measures and prolonged trade tensions, although recent agreements have reduced tariff levels. The U.S.-China trade relationship remains a major source of global economic uncertainty.

European Union (EU): As a major trading bloc, the EU has been impacted by U.S. tariffs on industrial and manufactured goods. It has responded through negotiations, limited countermeasures, and legal action within the WTO, emphasizing the importance of a rules-based multilateral trading system.

Mexico: Mexico is a key stakeholder due to its economic integration with the U.S. under the USMCA. While many goods remain exempt from tariffs, uncertainty caused by U.S. trade measures has affected manufacturing supply chains and employment, particularly in the automotive sector.



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Glossary and Key Terms:

Trade Deficit: A situation where the value of a country's imports (goods it buys from abroad) exceeds the value of its exports (goods it sells abroad). The primary economic imbalance the U.S. tariffs aim to reduce.

Tariff: A tax imposed by a government on imported goods. The central policy tool in the 2025 U.S. trade strategy, used to raise costs on foreign products.

Unilateral Trade Measure: A trade policy action, such as a tariff, taken by one country without negotiation or agreement with its trading partners. Contrasts with multilateral measures.

Multilateral Trading System: The global system of trade rules, centered on the World Trade Organization, where member countries negotiate and resolve disputes collectively based on agreed-upon laws.

Retaliation / Retaliatory Tariffs: Countermeasures imposed by one country in direct response to another country's trade restrictions, such as matching or escalating tariffs on that country's exports.

IEEPA (International Emergency Economic Powers Act): A U.S. law that grants the President authority to regulate international economic transactions (including imposing tariffs) during a declared national emergency. Used as the legal basis for the 2025 "universal" tariffs.

Section 232 (of the Trade Expansion Act of 1962): A U.S. law that allows the President to restrict imports if the Department of Commerce finds they threaten to impair national security. Used as the basis for tariffs on steel, aluminium, automobiles, and copper in 2025.

Non-Tariff Barrier (NTB): A form of trade restriction that is not a direct tax, such as import quotas, complex regulations, export controls, or targeted investigations against foreign companies. Used by China and others in retaliation.

Supply Chain: The network of companies, transportation, and logistics involved in producing and distributing a product globally. Tariffs disrupt these networks by raising costs and creating uncertainty.



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