

# BACKGROUND GUIDE



*Seeking partnerships beyond borders*

## **ECONOMIC AND SOCIAL COUNCIL (ECOSOC)**

**Agenda:** Deliberation on Rising Protectionism and Tariff Wars with special emphasis on Assessing the Role of GATT, and the Need for Equitable Global Trade Reform.



**LETTER FROM THE EXECUTIVE BOARD**

Esteemed Members of the Economic and Social Council,

It is our honor to welcome you to NVMUN 9.0 2025. This guide has been curated to serve as a starting point for research and provides an overview of the agenda at hand. We hope that the study guide will help you throughout the course of your preparation for the conference from now on. However, the guide only provides a bird's eye perspective of the relevant topics of discussion.

We strongly encourage you all to delve deeper into the complexities of the agenda, not letting the guide limit the scope of your research. This guide will provide you with a background that will form the basis for your research. Apart from the topics covered, delegates must understand the perspective of the allotted country and weave their research based on both- the given agenda and foreign policy.

We will firmly seek active participation from all of you in the debate and the committee work. Do not feel overwhelmed by the process of researching and feel free to contact us for anything you may need it on our end. We look forward to a fruitful discussion and a wholesome exchange of ideas during the proceedings in the upcoming meeting of this association, with a strong emphasis on decorum and diplomatic etiquette.

We are certain that these proceedings shall prove to be successful in determining the path to be taken to solve some issues that prove to be a great challenge to the International Community. All the best!

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# NATH VALLEY MUN 9.0

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## **INTRODUCTION TO THE COMMITTEE**

The Economic and Social Council (ECOSOC) deals with economic, social, cultural and health matters as well as human rights and fundamental freedoms. It also coordinates the work of the UN and the specialized agencies.

ECOSOC plays a crucial role in coordinating the UN system's efforts on economic, social, and related issues. It coordinates the work of 14 specialized agencies, 13 regional and functional commissions, and over 3,900 civil society actors. Under General Assembly resolution 68/1, ECOSOC shifted its work programme to a July-July cycle, continuing to hold one substantive and one organizational session per year. Its substantive session is divided into the following segments:

- High-level segment
- Operational activities for the development segment
- Humanitarian affairs segment
- Integration segment

In addition to the above segments, the Council also holds coordination and management meetings and financing for development meetings during its substantive session.

The functions and powers of ECOSOC are:

- to serve as the central forum for discussions on international economic and social issues
- to promote higher standards of living, full employment and economic and social progress
- to find solutions of international economic, social, health and related problems, and international cultural and educational cooperation
- to encourage universal respect for and observance of human rights and fundamental freedoms
- to assist the organization of major international conferences in the field of economic and social and related fields
- to make or initiate studies and reports with respect to international economic and social matters
- to prepare draft conventions for submission to the General Assembly
- to coordinate the work of the specialized agencies and programmes and their functional commissions and five regional commissions.
- to make arrangements for consultations with non-governmental organizations

**MANDATE OF THE COMMITTEE**

Under the UN Charter, ECOSOC's core mandates include:

- Promoting international economic and social cooperation and development.
- Conducting studies, reports, and convening forums on international economic matters.
- Coordinating actions across UN agencies such as UNCTAD, WTO, IMF, World Bank, and regional economic commissions.

In the context of trade reform, ECOSOC plays an important advisory role by:

- Bridging the gap between national economic priorities and multilateral rules.
- Amplifying the concerns of the Global South.
- Coordinating technical assistance and trade capacity-building.



## **INTRODUCTION TO THE AGENDA**

Trade used to be a unifying force. Today, it's a battlefield of retaliatory tariffs, nationalistic policy, and geopolitical chess. The post-World War II economic order, led by the General Agreement on Tariffs and Trade (GATT), aimed to liberalize global trade under rules of fairness. But modern trade dynamics are fractured.

Domestic trade unions or industry lobbyists can pressure politicians to make imported goods less attractive to consumers, pushing international policy toward a trade war.

In an era of global trade, a trade war can become very damaging to the consumers and businesses of both nations, and the contagion can grow to affect many aspects of both economies.

A trade war that begins in one sector can grow to affect other sectors. Likewise, a trade war that begins between two countries can affect other countries not initially involved in the trade war.

### **GATT (General Agreement on Tariffs and Trade)**

The General Agreement on Tariffs and Trade (GATT) is the foundational agreement reached between many countries after World War II to reduce tariffs, quotas, and other barriers to trade.

The agreement started with 23 nations signing in 1947 but had over 100 signatories by 1973.

The GATT functioned de facto as an organization, conducting eight rounds of talks addressing various trade issues and resolving international trade disputes. The Uruguay Round, which was completed on December 15, 1993 after seven years of negotiations, resulted in an agreement among 117 countries (including the U.S.) to reduce trade barriers and to create more comprehensive and enforceable world trade rules. The agreement coming out of this round, the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, was signed in April 1994. The Uruguay Round agreement was approved and implemented by the U.S. Congress in December 1994, and went into effect on January 1, 1995.

A critical area that requires reform in the WTO is equity. The current system is often criticised for favouring developed countries over developing countries, leading to an imbalance in global trade relations. Developing countries often face challenges in fully participating in international trade due to trade barriers, lack of infrastructure, and capacity constraints. By reforming the WTO to promote equity, all countries, regardless of their size and bargaining power, can have a level

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playing field and equal opportunities to participate in global trade negotiations. An equitable WTO will prevent the marginalisation of smaller economies and promote a more inclusive and fair global trade system. Importantly, reforming the WTO will address the fragmentation and trade diversions caused by regional blocs.

Key questions include:

- Are protectionist policies a legitimate form of self-defence for emerging economies?
- Has the global trade system, especially GATT and its successor WTO, favoured some nations over others?
- What reforms are needed to ensure trade promotes equity, not dependency?

From the US-China trade war to the EU's carbon border tax, to Sub-Saharan Africa's call for fair agricultural access, protectionism has become a global language with many dialects—and consequences.



## BACKGROUND OF THE AGENDA

### Rise of Protectionism

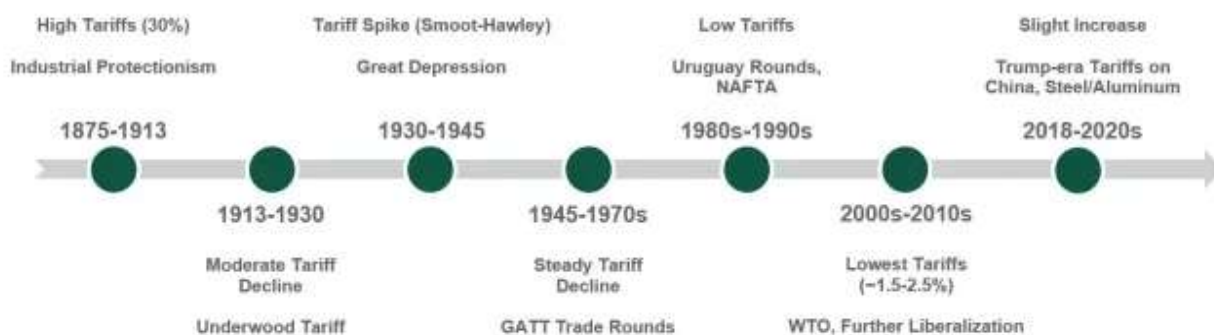
Protectionism refers to government actions and policies that restrict international trade to protect local businesses and jobs. Now how do they manage that? They use such as tariffs, quotas, subsidies, and regulations.

- 1947–1994: GATT Era  
Countries worked to lower tariffs and grow trade, but rich Western nations had the most power.
- 1995–2020: WTO Era  
Trade rules expanded and countries could settle disputes. But poorer nations felt left out, especially after the Doha talks failed.
- 2020–Now: Rise of Protectionism  
COVID-19, economic stress, and nationalism led many countries to raise tariffs and protect their own markets again.

## TARIFF TIMELINE



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### The Origin of Tariffs in the past

The busy marketplaces of ancient Greece and Rome are where our tariff story starts. Early instruments to control trade and maintain the supply of royal treasuries were tariffs, which were simple, fixed fees paid before foreign goods could enter city markets. As kings imposed taxes to protect craftsmen from foreign competitors, tariffs in medieval Europe evolved into defensive barriers for regional industries.

### The Development of Tariffs and the Industrial Revolution

A change in tariffs was brought about by the Industrial Revolution. Tariffs protected industries from cheaper imports as they expanded quickly, escalating the conflict between free trade and protectionism. This conflict was embodied in the British Corn Laws, which were repealed in 1846, signaling a change to a free trade philosophy.

### In the turbulent 20th century, tariffs

Countries increased tariffs to safeguard economies during the Great Depression, but these actions frequently backfired and made the situation worse. An important turning point was the establishment of GATT in 1947, which encouraged lower trade barriers and paved the way for the WTO.

### Current Tariff Conflicts and Their Effects

Tariffs are now a major topic of discussion in international trade negotiations. While EU-US tensions demonstrate that tariffs can be both a tool for negotiation and a source of contention, the

U.S. 301 tariffs on China address trade imbalances and intellectual property disputes. These actions change diplomatic relations and supply chains.

### **Tariffs' Future in a Changing World**

Tariffs continue to be crucial in the future. Tariffs may encourage regional trade agreements or economic diversification as global supply chains become more interconnected. Their function will continue to change as the world economy does.

### **Modern Conflicts and Tariff Wars**

- **British-China:** The British Empire has a long history of such trade battles. One example is the opium wars of the 19th century with China. The British had been sending India-produced opium into China for years when the Chinese emperor decreed it to be illegal. Attempts to settle the conflict failed, and the emperor eventually sent troops to confiscate the drugs. However, the might of the British navy prevailed, and China conceded to the entry of additional foreign trade into the nation.
- **U.S.-Europe:** In 1930, the United States enacted the Smoot-Hawley Tariff Act, raising tariffs to protect American farmers from European agricultural products. This act increased already hefty import duties to almost 40%. In response, several nations retaliated against the U.S. by imposing their own higher tariffs, and global trade declined worldwide. As America entered the Great Depression, which was aided greatly by disastrous trade policies, President Roosevelt began to pass several acts to reduce trade barriers, including the Reciprocal Trade Agreements Act.
- **U.S.-China and Others:** Beginning in January 2018, President Trump imposed a series of tariffs on everything from steel and aluminum to solar panels and washing machines. Some of the effects impacted goods from the European Union (EU) and Canada, as well as China and Mexico. Canada retaliated by imposing a series of temporary duties on American steel and other products. The EU also imposed tariffs on American agricultural imports and other products, including Harley Davidson motorcycles. By May 2019, tariffs on Chinese imports impacted nearly \$200 billion of imports. As with all trade wars, China retaliated and imposed stiff duties on American imports. A study by the International Monetary Fund (IMF) found that U.S. importers of goods primarily shouldered the cost of the tariffs on

Chinese goods. These costs were eventually passed on to the American consumer in the form of higher prices, which was not what the trade war was intended to accomplish.

- EU Carbon Border Adjustment Mechanism (CBAM): The EU Carbon Border Adjustment Mechanism (CBAM) is a policy where importers of certain carbon-intensive goods entering the EU pay a carbon tax based on the embedded carbon emissions of those goods. This tax aims to level the playing field for domestic EU producers by ensuring imported goods are also subject to carbon pricing, preventing "carbon leakage" where production shifts to countries with less stringent emissions regulations
- India-EU Digital Trade Tensions: India-EU digital trade negotiations are facing significant challenges, primarily stemming from regulatory differences and varying approaches to data protection and market access. The EU's stringent data privacy rules (like GDPR) and data localization requirements clash with India's more flexible approach, creating friction in cross-border data flows and digital service delivery. Additionally, the EU's demands for easier profit repatriation and faster dispute resolution also diverge from India's preferred practices.

#### IV. Impact on Different Economies

Like other trade policies, tariffs on trade have both winners and losers. Tariffs can generate billions of dollars of added revenue for a country. Domestic industries and manufacturers tend to benefit. Consumers and producers who use those products associated with tariffs have to pay higher prices, which can have an inflationary effect on the rest of the economy. As for retaliatory tariffs imposed by foreign countries on the U.S., they make exports more expensive to buyers in those countries but reduce U.S. GDP by a negligible amount.<sup>1</sup>

Economists generally agree that in the long term, trade wars hurt the economy, slow GDP, and overall make a country less competitive in the international market. The idea behind this is the concept of comparative advantage. When the government makes it more costly for products to be imported, some of these higher costs get passed on to the consumer.

Protectionist policies, in this instance, can help these industries that are unable to compete with foreign producers but may have the potential to be important to future domestic output. From this

short-term outlook, protectionist policies can also increase domestic demand, reduce trade deficits, and increase job growth.

Trade wars over an extended period of time, however, are generally seen as negative. This is mostly due to higher costs and lowered consumption. In addition to creating inefficiency in the market, trade wars can also make industries less competitive. With reduced competition being seen in both countries, industries feel less need to innovate, so production technologies can stagnate.

For example, Altogether, Trump's imposed tariffs would raise \$2.0 trillion in revenue over the next decade on a conventional basis (\$1.4 trillion on a dynamic basis) and reduce US GDP by 0.8 percent, all before foreign retaliation. However, if the IEEPA tariffs are permanently enjoined, it would reduce the total revenue raised by Trump's tariffs by \$1.4 trillion to \$603 billion over 10 years and reduce the negative GDP effect to 0.2 percent.

- In total, the imposed tariffs would reduce market income by 1.1 percent in 2026 (0.9 percent from the IEEPA tariffs and 0.3 percent from the other tariffs, totals don't sum due to rounding) and amount to an average tax
- increase per US household of \$1,183 in 2025 and \$1,445 in 2026. However, if the IEEPA tariffs are permanently enjoined, the tax increases would be smaller at \$303 in 2025 and \$406 in 2026. Our estimates of reductions in market income understate the totality of effects Americans will face, as they exclude the loss of choice and higher prices for substitute goods. Imposed and threatened retaliation as of April 10 will reduce US GDP by another 0.2 percent and 10-year revenue by \$132 billion on a dynamic basis.
- In 2025, Trump's imposed and scheduled tariffs will increase federal tax revenues by \$156.4 billion, or 0.51 percent of GDP, making the tariffs the largest tax hike since 1993.

**KEY STAKEHOLDERS**

Major economies are increasingly shaping global trade dynamics based on strategic interests. The United States is focusing on “re-shoring” industries to reduce its dependency on China and has grown skeptical of World Trade Organization (WTO) rulings. China, on the other hand, continues to expand its trade influence through initiatives like the Belt and Road while opposing Western-imposed tariffs. The European Union positions itself as a leader in promoting green trade reforms but faces criticism over the use of carbon tariffs, which some argue may be protectionist in nature.

Developing nations such as India, Brazil, and Indonesia advocate for greater policy space to support their domestic priorities, including the protection of agriculture and the regulation of their digital economies. Least Developed Countries (LDCs), including Bangladesh and Ethiopia, prioritize gaining technical assistance, improved market access, and fair rules of origin to ensure their participation in global trade benefits their development needs.

Trade institutions play a pivotal but contested role. The WTO aims to uphold a rules-based multilateral system, though its authority has been weakened following the shutdown of its Appellate Body. UNCTAD supports a development-friendly trade agenda, while the International Monetary Fund (IMF) and World Bank continue to promote trade liberalization, albeit amid criticism for the impacts of their structural adjustment policies on vulnerable economies.

Finally, the private sector and civil society are also key stakeholders. Multinational corporations (MNCs), small and medium-sized enterprises (SMEs), labor unions, and environmental non-governmental organizations (NGOs) actively lobby for trade outcomes aligned with their respective interests, adding further complexity to the international trade landscape.

## **PAST UN RESOLUTIONS AND DECLARATIONS**

### **A/RES/70/1 – 2030 Agenda for Sustainable Development**

This Agenda is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom. We are resolved to free the human race from the tyranny of poverty and want and to heal and secure our planet. The 17 Sustainable Development Goals and 169 targets which we are announcing today demonstrate the scale and ambition of this new universal Agenda. They seek to build on the Millennium Development Goals and complete what they did not achieve. They seek to realize the human rights of all and to achieve gender equality and the empowerment of all women and girls. They are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental.

### **UNCTAD Trade and Development Reports (2015–2023)**

UNCTAD's Trade and Development Report 2023 warns that the global economy is stalling, with growth slowing in most regions compared with last year and only a few countries bucking the trend. The report calls for a change in policy direction – including by leading central banks – and accompanying institutional reforms promised during the COVID-19 crisis to avert a lost decade. It urges global financial reforms, more pragmatic policies to tackle inflation, inequality and sovereign debt distress, and stronger oversight of key markets.

### **WTO Ministerial Declarations**

Include repeated but stalled efforts on fisheries subsidies, agriculture reform, and digital trade.

### **A/RES/73/254 – International Day for Multilateralism and Diplomacy for Peace**

Supports WTO reform and fair multilateral trade engagement.

## **SUGGESTIONS FOR DELEGATES**

Here's how delegates can frame their country's stance and propose innovative solutions:

### **Policy Areas to Explore:**

- GATT 2.0 Vision: Should GATT principles be reimagined? Perhaps a new agreement focusing on equity and digital economy.
- Fair Tariff Mechanisms: Propose a global framework for tariff justification (e.g., food security, environmental sustainability).
- Trade Impact Assessment Protocols: Mandatory equity-based assessments before imposing tariffs.
- Trade and Climate Nexus: Balancing free trade with carbon border adjustments without hurting least developed countries.
- Reforming WTO Dispute Resolution: Reinstating appellate body with reforms favoring smaller economies.

### **Positioning Examples:**

- Kenya: Push for agricultural access in global markets, oppose subsidy imbalances.
- France: Defend CBAM as necessary for global climate goals, propose green transition funds.
- Vietnam: Argue for regional trade networks (ASEAN-led frameworks) as balance against big power conflicts.
- Mexico: Highlight NAFTA/USMCA shifts; propose cross-border cooperation to prevent retaliation spirals.

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