ECONOMIC AND SOCIAL COUNCIL

STUDY GUIDE

Deliberation on The Use of Economic Sanctions as Geopolitical Tools, With a Focus on The Impact of Tariffs and their Role in Destabilising Global Trade

ANNUAL WORLD SUMMIT 2025

INDEX

LETTER FROM THE EXECUTIVE BOARD

Dear Delegates,

It is with great pleasure and honour that the Executive Board of the United Nations Economic and Social Council (ECOSOC) welcomes you to the 14th edition of the Annual World Summit. Through this experience, we aim to develop a common spirit of cooperation and crucial problem solving ability.

We understand that while this may be an overwhelming experience for first-time MUNers, we promise to create a positive learning atmosphere for each one. We are committed to encourage delegates to raise their voices, actively participate in committee and foster an inclusive, dynamic and comfortable environment that promotes consensus building. We look forward to seeing respectful and impactful dialogues during sessions that inspire new perspectives.

Through this study guide, we provide and highlight main areas of concern which may spark meaningful discussions and debate. It provides a basic framework for the agenda and analysis on important topics. However, kindly do not limit yourself to the scope of this guide. Explore new topics and fields which are relevant to the agenda and which will assist you in formulating concrete ideas. We encourage you to push your boundaries and research on areas associated with and in addition to the issues mentioned.

Furthermore, our goal is to explore a wide variety of legal perspectives to better the socio-economic conditions. We seek unique, creative and out-of-the-box solutions which stand out from pre-established statements. Let this guide be a base upon which you may build your statements, opinions and solutions.

As Wael Ghonim rightly said, “The power of the people is much stronger than the people in power.” Let us use this as a reminder to challenge ourselves to think differently, to create differently and to act differently. We eagerly wait to engage in meaningful interactions with each one of you and create significant memories.

Wishing you all the very best!

Yours sincerely,
The ECOSOC Executive Board
Chairperson: Aradhya Shelar
Vice-Chairperson: Avantika Simon
Moderator: Aaliyah Tambawala
Rapporteur: Ridhaan Mehta

INTRODUCTION TO THE ECOSOC

The United Nations Economic and Social Council (ECOSOC) stands as one of the six principal organs of the United Nations, entrusted with the critical mandate of advancing global economic, social, environmental and humanitarian progress. Established in 1945 under the UN Charter, ECOSOC serves as the central platform for fostering international cooperation, formulating policy recommendations and coordinating the efforts of specialised agencies, functional commissions and civil society stakeholders. With 54 member states elected through a geographically representative framework, the council operates as a dynamic forum for addressing pressing challenges such as sustainable development, human rights and equitable resource allocation. The ECOSOC bridges the gap between multilateral policy frameworks and grassroots implementation, ensuring that collective action aligns with the principles of the 2030 Agenda for Sustainable Development.

INTRODUCTION TO THE AGENDA

"Deliberation on the Use of Economic Sanctions as Geopolitical Tools, with a Focus on the Impact of Tariffs and their Role in Destabilising Global Trade" focuses on understanding how sanctions, particularly tariffs, influence global trade dynamics and geopolitical stability. Economic sanctions, popularly referred to as trade sanctions, are imposed by countries to alter the behaviour of a target state that is recognised to violate international norms.

The definition has observed a shift; it now refers to travel bans, export restrictions and asset seizures of sanctioned entities and target states. The application of these economic tools has heightened; countries have adopted greater tariffs and sanctions to advance their power and interests within international relations. These methods include measures like freezing of assets and travel bans, as well as placing severe economic pressure without using military force.

Tariffs are an example of an action that can hinder trade flows and global supply chains by increasing the cost of imports from certain countries. This marks a change in direction towards a more obvious reason, where competition is fought economically because of national security and power.
The agenda will examine the onset of complications with sanctions, particularly their immediate effects and long-term consequences for the stability of trade and international relations, along with their tendency to cascade into humanitarian crises.

UNDERSTANDING ECONOMIC SANCTIONS AND GENERAL DEFINITIONS

1. Economic Sanctions: They are punitive measures imposed by one country, a group of countries, or a multilateral body on a target country, entity, or group of individuals that violate international norms. They can be referred to as a lower-cost, lower-risk course of action between diplomacy and war, making them a feasible course of action where military measures prove difficult to implement. They may pursue a range of foreign policy and/or national security goals, such as improving human rights, deterring aggression or preventing international weapon proliferation.

2. <u>Tariffs:</u> 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. Governments implement tariffs on imports, increasing the price and creating a price gap between imported and domestic products. This, in addition to boosting national income, promotes the growth of domestic industries and controls domestic expenditure by stabilising the market.

However, tariffs may also be used to obtain political leverage over another state or to curb their trading power. They represent a subset of economic sanctions, such as the USA's implementation of tariffs against Chinese and Mexican goods, with a final goal of decreasing the influx of migrants and illegal drugs (e.g. fentanyl) into the USA.

3. <u>Free Trade:</u> A free trade agreement is a pact between two or more nations to reduce barriers to imports and exports among them. Under a free trade policy, goods and services can be bought and sold across international borders with little or no government tariffs, quotas, subsidies or prohibitions to inhibit their exchange.

4. Trade Wars: A trade war is an economic dispute between two countries and occurs when one country retaliates against another's perceived unfair trading practices with restrictions such as tariffs on imports. Although often misunderstood as being a consequence of free trade, trade wars are a form of protectionism - government actions and policies that restrict international trade. Protectionist policies are generally put in place to defend local industries and the economy from foreign competition. A state may also take such action to balance trade deficits - losses incurred due to the higher value of imports as compared to exports. However, trade wars significantly impede the economies of both trading nations and slow cultural growth.

ROLE OF GLOBAL ORGANISATIONS

1. The UN: Within the framework of the UN, the United Nations Security Council is the sole component with the authority to approve economic sanctions. This is done by a simple majority vote. Sanctions have been used to advance a range of foreign policy goals, including counterterrorism, counternarcotics, nonproliferation, democracy and human rights promotion, conflict resolution and cybersecurity. The most common ways in which these are implemented are in the form of asset freezes, travel bans and trade embargoes.
   UN-applied sanctions are global by nature and are the UN's preferred tool for applying diplomatic pressure in areas where military action is not possible.

2. World Trade Organisation: The World Trade Organisation (WTO) advocates for fair trade and regulates international trade policies and agreements. It upholds the principles of trade without discrimination and transparency within trade.

Through the Trade Policy Review Mechanism, governments must inform the WTO and fellow members of specific measures, policies or laws through regular notification.
In addition to its regulatory functions, the World Trade Organisation actively pushes for economic development and reform, particularly in developing countries. Over three-quarters of WTO members are developing countries and countries in transition to market economies, through the implementation of trade liberalisation policies.

The WTO spearheads economic progress by organising trade negotiation rounds, such as the 2001 Doha Development Agenda. These are single undertakings, ensuring that all issues are addressed and a conclusion is obtained at one common point.

3. United Nations Commission on International Trade Law (UNCITRAL): The UNCITRAL forms a cross-border legal framework, aimed at harmonising and unifying international trade law. UNCITRAL membership is structured to be representative of different legal traditions and levels of economic development. Instruments provided by the UNCITRAL include conventions, model laws and rules which are acceptable worldwide, legal and legislative guides, updated information on case law and enactments of uniform commercial law, technical assistance in law reform projects, along with the organisation of regional and national seminars on uniform commercial law.

4. International Monetary Fund: The International Monetary Fund (IMF) works to achieve sustainable growth and prosperity for all of its member countries by supporting economic policies that promote financial stability, monetary cooperation and economic well-being. The IMF obtains its funds from quotas supplied by member states based on their share in the global economy. Its three main functions are monitoring economic and financial policies, providing technical assistance and advice to states in the implementation of schemes and providing loans to member-states in times of financial stress.

TRADE AGREEMENTS

Certain states have negotiated, or are in the process of negotiating, various agreements that provide easier access to foreign markets, facilitate international trade, harmonise regulations and promote the creation of a global market system. It is important to have an understanding of the geopolitical trading blocs formed as a result of these trade agreements, as they directly impact the flow of the global economy.

1. The General Agreement on Tariffs and Trade: Signed in 1947 by 23 states, the General Agreement on Tariffs and Trade (GATT) was a multilateral agreement that aimed to establish a global free trade system. It functioned as the precursor to the World Trade Organisation. The GATT emerged from the post-Second World War negotiations on international economic cooperation, alongside the Bretton-Woods agreements.

The core principle behind the GATT was the reduction of tariffs and other barriers to trade and the elimination of discriminatory treatment in international commerce.

2. European Union Single Market & Customs Union: The EU single market system allows for the free movement of goods within the borders of the EU. This was done in order to allow citizens of any EU country to freely trade and do business with other EU countries. Under this, the Capital Markets Union has also been created to facilitate the flow of investment money through the EU.

This not only stabilises the trade market of the EU as a whole but also benefits businesses by helping them receive investment at lower costs, especially SMEs (small and medium enterprises).

There are currently three major geopolitical trading blocs in the global economy:

- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- Transatlantic Trade and Investment Partnership (TTIP)
- Regional Comprehensive Economic Partnership (RCEP)

Although these agreements have been signed by different countries, their main goals are essentially the same - the establishment of a global free trade system that supports transparency, non-discrimination and modernisation with the aim of consistent economic development.

CRYPTOCURRENCY AND TRADE SANCTIONS: BOON OR BANE?

Cryptocurrencies have emerged as significant tools for evading international sanctions due to their decentralised, encrypted and largely unregulated nature. Unlike traditional fiat currencies controlled by central banks and processed through commercial banks, cryptocurrencies operate on blockchain technology- a distributed ledger maintained by a network of users rather than financial intermediaries. This structure allows peer-to-peer transactions via encrypted digital wallets, which can be either custodial (with some regulatory oversight) or non-custodial (offering near-anonymity). These features enable sanctioned individuals, companies and states to bypass the traditional banking system's compliance and monitoring mechanisms, which are central to enforcing sanctions.

Key Features: Facilitating Sanctions Evasion

- Absence of Banking Oversight: Cryptocurrencies do not rely on commercial banks to process transactions, eliminating the standard checks against sanctioned parties.
- Pseudonymity and Encryption: Wallets use alphanumeric public and private keys, allowing transactions without revealing identities, complicating traceability.
- Vulnerabilities Exploited: Cyberattacks such as 51% attacks (where a hacker gains majority control of blockchain validation), cross-chain bridge exploits, IP masking and breaches of cryptocurrency service providers (CASPs) can obscure transaction trails and enhance anonymity.
- Use of Mixers and Privacy Coins: Services like mixers blend transactions to hide origins and privacy-focused coins (e.g., Monero) make tracking even more difficult.

Nation-State Examples of Cryptocurrency Use in Sanctions Evasion

- Iran: Facing decades of US sanctions, Iran has institutionalised cryptocurrency use, officially permitting crypto and smart contracts for import payments to bypass dollar-based restrictions. Iran also engages in cryptocurrency mining to generate revenue outside traditional financial systems.
- North Korea: Heavily sanctioned for its nuclear program, North Korea uses sophisticated cyber operations to steal cryptocurrencies from exchanges, generating hundreds of millions of dollars. The Lazarus Group, linked to North Korea, has conducted high-profile thefts and uses mixers to launder stolen assets. North Korea also mines cryptocurrencies to obtain untraceable funds for imports and regime financing.
- Russia: Following sanctions after the annexation of Crimea and the 2022 Ukraine invasion, Russia has increasingly relied on cryptocurrencies to maintain financial flows. Russian oligarchs and businesses use decentralised exchanges and over-the-counter brokers to move funds outside regulated systems. The Russian government explores a digital ruble and crypto-based bilateral trade with allies like China and Iran to circumvent the dollar-dominated global financial system.

- China: While not heavily sanctioned, China facilitates sanctions evasion by providing cryptocurrency exchange platforms used by sanctioned states and supplying mining equipment to countries like Iran and North Korea. China's Digital Yuan is also seen as a tool to challenge US dollar dominance and enable cross-border trade with sanctioned partners, bypassing traditional networks like SWIFT.
- Venezuela: Launched its oil-backed cryptocurrency, the Petro, in 2018 to evade US sanctions. However, the Petro faced swift bans from the US and struggled to gain international acceptance.

Economic and Geopolitical Impacts

- For Sanctioned States: Cryptocurrencies enable continued trade by facilitating payments outside the traditional banking system, allowing access to foreign currency and preserving economic stability despite sanctions. This reduces the economic pressure that sanctions aim to impose, potentially prolonging geopolitical conflicts or undermining diplomatic leverage.

- On Sanctions Effectiveness: The decentralised, pseudonymous nature of cryptocurrencies complicates enforcement, requiring significant technical expertise and resources. As evasion techniques grow more sophisticated, the credibility and effectiveness of sanctions as a diplomatic tool may diminish.
- Global Trade and Finance: The rise of crypto-based alternative payment systems fragments the global trade ecosystem, creating parallel financial channels that bypass dollar-centric systems. This diversification may reduce systemic risks but also introduces volatility due to cryptocurrency price fluctuations and complicates global regulatory coordination.

Advantages of Cryptocurrencies in Sanctions Context

- Sanctioned Entities: Circumvent financial blockades, maintain economic sovereignty and access alternative trade financing mechanisms like smart contracts.

- Trading Partners: Reduce risk of secondary sanctions, maintain economic ties and gain payment certainty through blockchain settlement.
- Global Economy: Accelerate financial system diversification, foster blockchain innovation and challenge dollar hegemony by promoting a multipolar financial system

Challenges and Disadvantages

- For Regulators: Pseudonymity and decentralised exchanges hinder identification and blocking of illicit transactions. Jurisdictional issues arise from crypto's borderless nature and privacy coins and cross-chain transactions further complicate monitoring.
- For Sanctioned Entities: Face cryptocurrency volatility, limited mainstream acceptance and risks from technical vulnerabilities and cyberattacks.
- For Global Stability: Regulatory fragmentation, market manipulation risks and the potential proliferation of illicit finance activities threaten global financial integrity.

Regulatory and Monitoring Responses

- International Coordination: The Financial Action Task Force (FATF) has established guidelines requiring crypto exchanges to implement customer identification and suspicious transaction reporting similar to traditional banks. UN sanctions committees are incorporating crypto considerations into enforcement frameworks.
- National Regulations: The US Treasury's OFAC includes sanctioned crypto addresses on its blocked persons list, FinCEN enforces reporting requirements, the EU extends AML directives to crypto providers, and Japan mandates exchange registration and KYC procedures.
- Blockchain Analytics: Private sector tools use transaction monitoring, cluster analysis and risk scoring to detect suspicious activity and identify sanctioned entities. However, privacy coins, decentralised exchanges and cross-chain transactions remain enforcement challenges.

USE OF TARIFFS AS A GEOPOLITICAL WEAPON

Tariffs, which are essentially taxes levied on imported goods, have evolved into a pivotal instrument in the realm of geopolitics. Although often presented as protective measures designed to shield domestic industries, their application in international relations reveals a more complex and strategic purpose. Governments frequently utilise tariffs not merely for trade regulation, but also as a means to achieve broader foreign policy goals. This discussion delves into the multifaceted role of tariffs as geopolitical weapons across several critical dimensions.

Economic Coercion

Tariffs are used to exert economic pressure on rival countries by raising the cost of their exports, reducing their competitiveness and harming their economies. For example, the US-China trade war involved the US imposing tariffs to address intellectual property theft and trade imbalances, while China retaliated with tariffs.

targeting US agricultural exports to inflict economic pain and push for policy changes.

Political Leverage

Tariffs can compel other nations to comply with political demands by exploiting their economic vulnerabilities. The US threatened tariffs on Mexican exports to force stricter immigration controls, demonstrating how tariffs operate as diplomatic bargaining chips to achieve foreign policy goals.

Retaliation and Trade Wars

Tariff impositions often trigger retaliatory measures, escalating into trade wars that disrupt global markets. The 1930 Smoot-Hawley Tariff led to widespread retaliations, deepening the Great Depression. Similarly, recent US-China tensions have unsettled supply chains and slowed global growth.

Protectionism and National Security

Governments justify tariffs on grounds of national security, protecting critical industries like steel, aluminium and technology to ensure defence readiness and economic independence. For instance, the Trump administration's tariffs on steel and aluminium aimed to revive US industries and reduce reliance on foreign suppliers amid geopolitical uncertainties.

Alliance Management and Influence

Tariffs help manage alliances by granting preferential trade terms to allies and imposing punitive tariffs on adversaries to isolate them economically. The European Union's trade agreements with developing countries reduce tariffs to foster stability and align political interests, while agreements like USMCA include tariff concessions to strengthen regional cooperation.

Resource Control

Tariffs on key commodities serve as tools to control global supply chains and exert pressure on dependent economies. China's dominance over rare earth metals, essential for electronics and defence, allows it to threaten export restrictions, using resource control as a potent geopolitical lever.

Economic Signaling

Tariffs also act as symbolic economic signals expressing political disapproval without military action. After Russia’s 2014 annexation of Crimea, Western nations imposed tariffs and sanctions to punish and isolate Russia, signaling unified opposition to its aggression.

CASE STUDIES

Case Study 1: Economic Loss – India's Tariffs on Agricultural Imports (2018)

In 2018, India imposed tariffs on agricultural imports, particularly pulses, to protect domestic farmers from foreign competition. While the measure was intended to support the local agricultural sector, it backfired by severely impacting trade relations with major suppliers like Canada and Australia. The tariffs caused a significant drop in imports, leading to increased domestic prices and inflation. Additionally, India faced retaliatory tariffs from its trading partners, further straining its export-dependent sectors. As a result, farmers and consumers alike bore the economic brunt and diplomatic tensions with trade allies heightened. This case underscores the unintended consequences of protectionist tariff policies when applied without comprehensive economic foresight. The tariff hike on pulses was particularly damaging because India is one of the largest consumers of lentils and legumes. The sudden decline in imports resulted in supply shortages, pushing domestic prices higher.

While the government aimed to boost local production, many small-scale farmers faced challenges meeting the increased demand due to inadequate infrastructure and unpredictable weather conditions. Moreover, the trade disputes that arose caused long-term damage to India's reputation as a trade partner. Canada and Australia, both significant exporters of pulses, reduced their trade volume with India and redirected exports to other markets, diminishing trade relations further.

The retaliatory tariffs imposed by Canada and Australia on Indian products, including steel and aluminium, added to the economic strain. Indian exporters faced diminished access to these key markets, leading to reduced revenues and job losses in the manufacturing sector. Furthermore, inflation surged due to the rising costs of agricultural products, directly affecting low-income households. The cascading effects of the tariffs demonstrated how protective economic policies can sometimes lead to unintended and widespread consequences.

In contrast, a more balanced approach might have involved negotiating trade agreements that supported domestic agriculture while maintaining stable relations with international partners. Providing subsidies, investing in modern agricultural technologies and establishing long-term trade pacts could have achieved the desired economic goals without triggering retaliation or economic instability. This case serves as a cautionary tale, emphasising the importance of conducting comprehensive economic impact assessments before implementing tariff policies.

Furthermore, understanding the historical context of past tariff applications, like India's agricultural tariffs or the Smoot-Hawley Tariff Act, provides valuable lessons for modern policymakers. Striking a balance between national economic interests and maintaining robust international trade relations is crucial for sustainable economic growth. Ultimately, a measured approach that prioritises cooperation over confrontation is essential for navigating the complexities of global trade dynamics.

Case Study 2: Economic Gain – United States Tariffs During Trump's Second Presidency (2025)

During his second presidency, Donald Trump reintroduced and expanded tariffs on key imports to reduce trade deficits and protect domestic industries. Focusing on sectors such as steel, aluminium, semiconductors and electric vehicles, the administration implemented tariffs that ranged from 25% to 35% on imports from China, the European Union and other major trade partners. The stated objectives were to counter unfair trade practices, encourage domestic manufacturing and bolster national security.

One major area of focus was the semiconductor industry, where tariffs were applied to reduce reliance on Chinese components. As a result, companies like Intel and Texas Instruments expanded their manufacturing capacity within the United States. The administration also provided subsidies and incentives to further support domestic chip production, a manufacturing component essential in the AI industry. This strategic move not only strengthened the domestic semiconductor sector but also reduced vulnerabilities in the global supply chain.

The electric vehicle (EV) industry also benefited from tariff policies. Tariffs on Chinese-manufactured EVs and lithium-ion batteries incentivised domestic production. American automakers such as Tesla and General Motors ramped up investments in battery manufacturing facilities, creating thousands of jobs and accelerating the transition to clean energy vehicles.

Furthermore, tariffs on steel and aluminium imports continued to protect domestic producers, particularly in regions like the Rust Belt. Companies like US Steel reported increased profitability and expanded operations. This resurgence contributed to a wave of job creation and economic revitalisation in formerly declining industrial areas.
However, the tariffs were not without consequences. Countries affected by the tariffs, including China and the European Union, retaliated with their measures.

American agricultural exports, particularly soybeans and pork, faced steep retaliatory tariffs, leading to declining sales in international markets. While the government introduced subsidy programs to offset these losses, the uncertainty and instability in global trade damaged long-term relationships with key trading partners.

Despite these challenges, the Trump administration framed the tariffs as a success in reducing trade imbalances. By encouraging domestic production, protecting strategic industries and reducing reliance on foreign competitors, the tariffs resulted in tangible economic gains for certain sectors. However, the broader economic impact continues to be debated, with some analysts cautioning against the long-term repercussions of protectionist policies.

This case study illustrates how tariffs can serve as a geopolitical tool to achieve economic and security objectives. While beneficial for specific industries, the use of tariffs requires careful consideration of their ripple effects across the global economy and the risk of retaliatory measures. In 2018, the Trump administration imposed tariffs of 25% on steel and 10% on aluminium imports under Section 232 of the Trade Expansion Act, citing national security concerns. The justification was that the decline of domestic steel production posed a risk to national defence by increasing reliance on foreign steel. These tariffs primarily targeted China, Canada and the European Union, all major steel exporters to the United States. While the measure faced criticism from international trade partners, it brought significant economic gains to the US steel industry.

One immediate impact of the tariffs was the revitalisation of the domestic steel sector. Major steel companies, such as US Steel and Nucor, reopened previously shuttered plants and announced expansions to increase production capacity. Jobs in the steel industry saw a resurgence, with thousands of positions created across states like Ohio, Pennsylvania and Michigan. Additionally, steel prices increased domestically, leading to higher revenues for American steel producers.

The tariffs also encouraged further investment in the sector. Companies received greater financial security to innovate and modernise their facilities, enhancing competitiveness in the global market. Additionally, the tariffs were perceived as a means of levelling the playing field against Chinese steel producers, who had been accused of dumping cheap steel into international markets, undermining fair competition.

However, the benefits were not without drawbacks. Downstream industries that rely on steel as a raw material, such as automotive and construction companies, faced increased input costs. For example, American automakers like Ford and General Motors reported billions of dollars in additional expenses due to higher steel prices. These costs were often passed on to consumers, leading to increased prices for vehicles and infrastructure projects.

Trade retaliation further complicated the economic landscape. Key trading partners, including the European Union, Canada and China, responded with retaliatory tariffs on US exports. Agricultural products like soybeans, pork and dairy were targeted specifically, adversely affecting American farmers. Despite federal aid programs to support affected agricultural sectors, the loss of global market share posed long-term challenges for American exporters.
Nonetheless, the Trump administration argued that the tariffs strengthened national security by reducing reliance on foreign steel supplies. The policy also acted as a negotiation tool in trade agreements like the United States-Mexico-Canada Agreement (USMCA), where favourable terms were secured for American producers. Overall, while the tariffs brought economic gains to the US steel industry, the ripple effects across other sectors illustrated the complexities of using tariffs as a geopolitical weapon. Careful economic planning and consideration of downstream impacts are essential to mitigate unintended consequences.

Tariffs, while traditionally viewed as economic instruments, are deeply intertwined with geopolitical strategies. From economic coercion and political leverage to resource control and alliance management, the use of tariffs extends far beyond trade regulation.

Understanding their role as a geopolitical weapon provides insight into how nations navigate complex international relations. Ultimately, the strategic application of tariffs underscores the interconnectedness of global economies and the power dynamics that shape them.

While tariffs may offer short-term protection for specific industries, the long-term consequences can often outweigh the benefits. Countries that use tariffs as a geopolitical tool must carefully evaluate their policies to mitigate unintended consequences. Diplomatic dialogue, multilateral trade agreements and economic diplomacy are often more effective alternatives to aggressive tariff impositions. Collaborative approaches that consider the interests of all stakeholders can ensure a more stable and prosperous global trade environment.

CURRENT SITUATION

"Should any Member of the League resort to war in disregard of its covenants under Articles 12, 13 or 15, it shall ipso facto be deemed to have committed an act of war against all other Members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations..."

This line, taken from Article 16 of the Covenant of the League of Nations, proves beyond doubt that economic sanctions have been a long-present method of warfare. In this section, we will be discussing their impact on the modern world.

The Rise of 'Smart Sanctions':

In response to the 1990 Iraqi invasion of Kuwait, the UNSC imposed large-scale sanctions on Iraq. Though initially welcomed as a preferred alternative to all-out military warfare, these sanctions soon turned sour, bringing about massive food shortages, widespread malnutrition and epidemics.

Pre-1990, sanctions had not had any major humanitarian impact. The 1990-born Iraqi sanctions, however, were steadily reported to have directly impacted the quality of life of Iraqi citizens. This stimulated significant backlash against the suffering of millions of common people, for the sake of punishing a small number of government leaders. This event led to the beginning of future assessment of sanctions by the UN, their screening for humanitarian effects, before being put into place.

This brought with it the creation of 'smart sanctions', those which are intended to be directed at individuals, companies and organisations or restrict trade with key commodities. Smart sanctions have an advantage, due to the fact that they have a targeted nature; they are designed to impact only certain individuals, not an entire country.

Current Day:

In the modern world, economic warfare is rapidly becoming the instrument of choice for many countries. After 30 years of evolution and adaptation to global economic systems, the science behind economic sanctions has made it a formidable weapon.

Freezing of Russian Assets - In the 2022 Russia-Ukraine war, the US and its allies imposed economic sanctions on Russia in condemnation of their actions. Although seen by the large majority of the world as baseless action, the US was actually able to freeze around $300-$350 billion of sovereign Russian assets in the form of governmental bonds. These bonds comprise almost half of Russia's total foreign-invested assets. This greatly impeded the financial ability of the Russian military, allowing Ukraine time to gather its resources and combat the invasion. This also demonstrates the leading role the United States plays in the global economy, a large part due to the US dollar's nature as a global currency.

US Tariffs - As of March 2025, the United States had $36.22 billion of debt. To combat this, President Donald Trump ordered the increase of import tariffs on products imported from China, Canada and Mexico. This was done with two main goals: to reduce the competition local businesses face when compared to foreign imports and to generate a new source of income to pay off the trillions of dollars of debt. In response to the US-imposed tariffs on aluminium, steel, semiconductors and more, the EU and China counter-imposed tariffs on US exports like alcohol, automobiles and electricity.

Manipulating AI Development - China dominates the production of multiple products, including germanium and gallium, two metals that are essential in the manufacturing of semiconductors. These semiconductors are a major component of AI systems and thus, China indirectly influences the AI industry. By exercising export control on such metals, China can effectively impede the development of AI in the US

QARMA (QUESTIONS A RESOLUTION MUST ANSWER)

1. What are the main objectives behind the use of economic sanctions as geopolitical tools and how do they align with international norms?
2. How do tariffs, as a form of economic sanction, contribute to destabilising global trade and economic relations?
3. What role does the United Nations play in implementing and monitoring economic sanctions and is it fulfilling its responsibilities effectively?

SUGGESTED MODERATED CAUCUSES

1. What mechanisms can be employed to mitigate the unintended consequences of economic sanctions, such as humanitarian crises or global trade disruptions?
2. What strategies can be developed to ensure that economic sanctions are used responsibly and effectively, balancing geopolitical objectives with humanitarian concerns?
3. Are there alternative diplomatic or economic strategies that can achieve similar geopolitical objectives without resorting to sanctions?
4. What is the humanitarian impact of economic warfare?
5. How are sanctions used to obtain political leverage in conflict resolution?

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