



OAKMUN

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United Nation Economic and Social Council.
*“Topic 1 – Safeguarding the Economies of
Trade-Reliant Countries from Worldwide Tariffs”*



Key Concepts

Trade-reliant economy:

A country that depends a lot on trading with other countries (importing or exporting goods with another country). If trade slows down, the economy gets hit fast and countries are affected.

Tariff:

A tax on imported goods (products entering a country). This makes foreign products more expensive.

Protectionism:

When a country tries to protect its own businesses and economy by blocking or making imports more expensive.

Free trade:

Countries trading without paying extra fees or taxes. Basically importing or exporting products is completely free. This can positively affect the country's economy with lower selling price and therefore more consumerism, however it penalises small businesses when competing against big ones.

Trade war:

Two countries (country A and country B) are increasing tariffs on each other to pressure one another. This can lead to huge economic difficulties for businesses located in country A that depend on country B or opposite. Both countries' economies suffer.

Diversification:

When a country tries to have more than one main export, to avoid depending on one product only.

Background Information

Today, almost all countries buy and sell products internationally, and for the majority of them, trade is one of the main parts of their economy. Some nations rely heavily on exports and imports that any change in tariffs affects them almost immediately. Normally, developing countries cannot produce everything they need, which forces them to import essential goods like fuel, food, machinery, and technology. At the same time, they depend on exporting only a few key products, their specialities such as sugar cacao etc. This makes their economies extremely vulnerable to shifts in global trade. Because of this, when major powers like the U.S., China, or the EU suddenly change tariffs, these smaller economies end up suffering even though they had no role in those decisions. They have little influence over international policies, yet they experience the full impact.

We saw this clearly during events like Brexit, when the UK left the European Union. New trade taxes were created, and countries such as Ireland and other smaller EU nations felt the consequences right away. When tariffs or trade barriers increase, countries that rely heavily on trade usually experience higher prices for imported goods, job losses in industries like manufacturing and transportation, slower economic growth, and reduced investment because companies become wary of instability.

The main idea is to understand how to protect these countries and how to keep global trade stable so their economies don't collapse every time a powerful country changes its policies.

Case Studies

Examples that show when change in trade taxes affected trade reliant countries:

[The Third-country Effect of the United States-China Trade War on Viet Nam](#)

1. U.S.–China Trade War (2018–2020)

The U.S.–China Trade War between 2018 and 2020 created many problems because both countries raised tariffs on each other's goods, and this immediately made imported products more expensive. As a result, American customers began buying fewer Chinese goods since the prices were too high, which meant American companies placed fewer orders with Chinese factories. Because China depends a lot on U.S. demand, its factories reduced production, and this slowdown affected not only China but also other countries that normally supply Chinese factories with parts and materials.

Malaysia was one of the countries impacted, since it exports many electronic components that China needs for its manufacturing. When China started producing less, Malaysian companies lost orders, and this slowed down Malaysia's economy. Vietnam was also affected because it sells materials to China, and when China bought less, Vietnamese businesses faced uncertainty. However, on the other hand, some foreign companies moved part of their production from China to Vietnam to avoid high tariffs, giving Vietnam new opportunities but also putting pressure on its infrastructure.

South Korea faced problems too, mainly because it exports high-tech components to China. When China produced less, Korean exports fell, and major Korean companies were financially affected. Since South Korea relies heavily on exports, any slowdown in China quickly becomes a problem for its own economy.

Overall, the trade war shows how connected countries are today. When China reduced production because of fewer U.S. orders, countries like Malaysia, Vietnam, and South Korea were all influenced simply because they depend on China's manufacturing system.

Economic and Social Dimensions

Economic Dimension

When tariffs rise, exports become more expensive, and countries often lose part of their foreign market. Companies that can no longer rely on steady international sales begin to cut production, and this usually leads to firing workers in order to survive. At the same time, the cost of imported goods increases, which contributes to inflation and reduces the ability of consumers and businesses to buy what they need.

Social Dimension

As companies reduce their workforce, unemployment spreads through the economy and affects families directly. People begin to struggle against rising prices and shrinking purchasing power, which forces many to adjust their lifestyle or seek entirely new forms of employment. Communities that depend on a single major industry often suffer the most, as they must adapt quickly to sudden and unexpected change.

Political Dimension

The political atmosphere also becomes more unstable. When trade agreements no longer seem reliable, governments lose trust in international commitments. Some nations respond by adopting even stronger protectionist policies, which can increase global divisions. Regional tensions may develop between groups who feel either harmed or benefited by the new tariffs, adding another layer of conflict.

Past U.N. and International Action UNCTAD:

UNCTAD:

This action focused on helping developing countries understand trade and what to do when tariffs change.

Consequence: Some countries improved their trade plans, but it was still not enough to protect them when big powers made fast decisions.

WTO:

This action created rules for global trade and tried to solve fights between countries.

Consequence: The WTO solved some problems, but many cases take too long, and it cannot always stop big countries from raising tariffs suddenly.

G20 + IMF:

This action brought the world's biggest economies together to keep trade stable. The IMF also gives help to countries in crisis.

Consequence: It helped a bit, but small countries still feel ignored because these meetings focus mainly on big economies.

SDG 17:

This action encourages teamwork and fair trade between countries.

Consequence: Good idea, but in reality small countries still feel they are left out of important trade decisions, there are still several issues.

Overall:

Even with all these actions, we can clearly see that many small economies don't have a real voice. When big countries change tariffs, they are the first ones to suffer.

Possible Moderated Caucuses

- How can small economies be protected from sudden tariff changes?
- Should protectionism sometimes be allowed?
- How can countries diversify their exports?
- What can the WTO do better today?
- Are regional trade groups (EU, ASEAN, AU) better for stability?

Possible Resolution Points

- Create a UNCTAD fund to help economies hit by big tariff changes.
- Help countries diversify their industries so they depend less on one export.
- Encourage big countries to communicate before changing tariff policies.
- Improve transparency inside the WTO about tariff decisions.
- Develop training programs so workers can move into new sectors.

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