

LmunA 2022

## Research report

Forum: The Second General Assembly  
Issue: Cogitating the efficacy of economic sanctions on international trade  
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## **Introduction**

Economic Sanctions have been used in several conflicts between two parties or in order to avoid military conflict. It is undeniable that economic sanctions have an effect on the economy of the country. But economic sanctions are still less effective than any real confrontation of the issue. This is due to the mediation of sanctions through different trade agreements and partners.

Economic sanctions on bilateral agreements have shifted the Global trade dynamic, causing disruptions in international trade and global supply chain issues. This is an issue as it is the belief of the United Nations that international trade is the driver of poverty eradication and promotion of sustainable development.

Currently global trade is reducing due to geopolitical shifts such as the economic sanctions which countries have been imposing. These sanctions have caused an alarming increase in product price and delayed supply chains for products such as flour in European countries. The issue is the integration with the global economy, which becomes more challenging as a result of economic sanctions.

## **Definitions of key terms**

### **Sanctions**

An economic, military or political coercive measure in order to punish and change the course of directory of an entity or nation which violates international law in the view of the sanction giver.

### **International Trade**

The exchange of domestic products outside of geographical boundaries with another country or non-domestic entity. International Trade usually refers to consumer goods and scientific

### **Embargo**

An embargo is a trade restriction imposed as an economic sanction by a government, a group of countries, or an international organisation. Embargoes can prohibit all trade or only some of it, such as arms imports. They are intended to punish the targeted country for its actions and to deprive it of the ability to implement objectionable policies, without the use of military enforcement.

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### 1st/2nd/3rd World Countries

The "First World" is a grouping of democratic-industrial countries within the sphere of American influence. The "Second World" is the Eastern bloc of communist-socialist states. The remaining three-quarters of the world's population, states that were not affiliated with either bloc, were referred to as the "Third World." The details and boundaries of the groupings are subject to change and are sometimes debatable; the terminology gained popularity during the cold war.

### Economic Coercion

A threat or action of withdrawing economic costs by a state on the target state in order to change in policies.

### MEDCs/LEDCs

LEDC stands for "Less Economically Developed Countries." Countries are classified as LEDCs or MEDCs based on development indicators such as GDP, standard of living, education, health, and the types of industries that dominate the market in the country. MEDC is an abbreviation for "More Economically Developed Countries".

### Bilateral/Multilateral trade agreements

Bilateral trade agreements involve two participants, in most cases these are two nations, whereas multilateral trade agreements involve three or more nations with no discrimination between them.

## General overview

Economic sanctions have been imposed by governments of medic countries and international organisations such as the UN and the EU to coerce, deter, punish, or shame either individuals or nations that endanger the interest to uphold international norms of behaviour. These sanctions have been the main and first response to a variety of foreign policy objectives, including counterterrorism, counternarcotics, nonproliferation, promotion of democracy and human rights, conflict resolution, and cybersecurity.

Sanctions, while a form of intervention, are generally regarded as a lower-cost, lower-risk alternative to diplomacy or war. Sanctions may be considered by policymakers as a response to foreign crises where the national interest is less than critical or where military action is not feasible. Nations have occasionally imposed sanctions while avoiding/delaying more punitive measures.

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The United Nations have been putting sanctions on entities since its creation in 1945.

In response to geopolitical changes with backlash, the major first world countries often respond with sanctions in order to reduce funding to the cause of the issue and mediate further escalation. Economic sanctions have been a tool used by more economically developed countries (MEDCs) through different stages of conflict. Recently this is becoming more common and noticeable. A major political dispute such as the Russo-Ukrainian conflict has seen sanctions imposed on Russia by the US and first world countries and vice versa, however, this can lead to devastating impacts on international trade of goods, and information. For countries with bilateral agreements and trades this can be extremely challenging as seen with the relationship between Germany and Russia. In which both parties are codependent on each other economically.

However the effectiveness (efficacy) of economic sanctions (often referred to as an foreign policy tool) on international trade throughout sanctioned and non-sanctioned countries is challenged when considering second world countries such as Democratic People's Republic of Korea (DPRK), China and Russia. These countries have been sanctioned economically with the withholding of either goods, imports/exports or domestic product information.

The effect of economic sanctions is limited to the trade opportunities between the entities. Therefore if an entity with a larger bilateral trade with the sanctioned country imposes that sanction, the bilateral trade would shrink. However as the trade with the sanctioning country is reduced, the international trade with other countries increases, a good example of this is the

entity Taiwan. China has imposed many economic sanctions, however the territory and china have an bilateral economic tie which has in some industries even had an increase in trade. As more sanctions are placed on the territory of Taiwan, the international trade has increased, effectively mediating and compensating for the imposed sanctions to a similar degree.



Fig 1. Nations, United. “Sustainable Development Goals.” *United Nations*, [www.un.org/en/sustainable-development-goals](http://www.un.org/en/sustainable-development-goals). Accessed 15 Aug. 2022.

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This is not to say that the global trade has had no setback due to economic sanctions, as the trade of goods continues through different paths directed as a result of sanctions, the price has risen for non-domestically traded goods and caused supply chain issues all around the world for these internationally traded products.

The current issues through disruptions of international trade have created a hindrance and direct backward flow of actions when considering the sustainable development goals. The sustainable development goals set by the UN and unanimously adopted by all the 193 member states. Through economic sanctions and destruction of bilateral trade, poverty is promoted and a country's economy worsens. In order to compensate for this, the lower social classes suffer under high inflation, lower availability of food, etc. The UN sustainable development goals directly affected are 1, 8 and 16. This means that sanctions are ineffective when targeting the governing state of an entity and will only cause complications over long extended periods of time.

### **Major parties involved:**

#### *United Nations:*

The UN has the ability through the security council to place sanctions on countries and entities. Since the end of the cold war this has become more frequent and sought after for member states as it is a more easily accessible short term action. Having caused many sanctions themselves, the impacts are observed to be more devastating for the general public than for the governing state of the regimes. Yet the UN still has 14 on-going sanctions.

#### *World Trade Organisation (WTO)*

The World Trade Organisation (WTO) serves as a forum for negotiating agreements aimed at removing barriers to international trade and ensuring a level playing field for all, thereby contributing to economic growth and development. The WTO also provides a legal and institutional framework for these agreements' implementation and monitoring, as well as the resolution of disputes arising from their interpretation and application. The WTO is the only international organisation that deals with such global trade rules. Its primary function is to keep trade flowing as smoothly, predictably, and freely as possible. When economic sanctions are imposed on a country, the sanctions can be challenged on the regulations of the WTO. Through the WTO, trade restrictions found to be inconsistent with the regulations for WTO must be withdrawn immediately.

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### **Possible solutions**

Although the delegates are expected to come up with solutions themselves, there is no harm in helping them to get started. It is important that you do not go into detail on how to solve the issue. Instead, you should inform the delegates on which underlying problems should be solved in order for the issue as a whole to be solved.

To minimise the disruption of sustainable development goals, the economic sanctions would have to target the regime leaders and deciding factors for the actions or provide a solution for the sustainable development to continue with little or less interference. The economic sanctions would need to be target specific and provide immunity to different sectors such as food and other needs for humans.

Another solution would be the suspension of economic sanctions altogether. If bilateral trade continues through the dispute, then the general population would be less affected by the outcome and process.

Products with basic human need could be suspended from economic sanctions or replacing the other products in a bilateral trade, hence only allowing trade for such products. However inevitably this will also lead to the following result in which the sustainable development goals once.

### **Further reading**

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- II. [https://www.researchgate.net/publication/46554561\\_The\\_Impact\\_of\\_International\\_Economic\\_Sanctions\\_on\\_Trade\\_An\\_Empirical\\_Analysis](https://www.researchgate.net/publication/46554561_The_Impact_of_International_Economic_Sanctions_on_Trade_An_Empirical_Analysis)
- III. <https://dergipark.org.tr/tr/download/article-file/714142>
- IV. <https://documents-dds-ny.un.org/doc/UNDOC/GEN/N16/434/92/PDF/N1643492.pdf?OpenElement>

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