



UNILATERAL TARIFFS IN INTERNATIONAL TRADE AND IMPACT ON GLOBAL ECONOMY

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ABSTRACT

Unilateral tariff is usually a higher dues imposed on imported goods by a country on another country. Usually, this is done without any prior discussion or agreement between the trading countries. Also, this tariff which is always higher than the pre-existing ones usually runs contrary to the trade agreement between the trading partners. When unilateral tariff is imposed it disorganizes the economy of the country on which it is imposed, which in most cases retaliates, thus resulting in trade wars. The spiral effect of this trade war normally robs off on other countries that are not directly involved and if allowed to persist leads to distortion of the global economy and so on. Therefore, unilateral tariff is not good as it affects several countries and sectors of the global economy, resulting in economic hardships on both sides. This arises because the cost of doing business increases, which is passed on to consumers in the form of higher prices on goods imported on one side and reduction of importation leading to loss of jobs and earnings on the other side. Accordingly, unilateral tariff should be stopped. If a country wants to increase her tariffs on imported goods it should abide by the rules and procedures agreed as laid down by the World Trade Organization. Alternatively, the countries concerned should meet and agree on the new tariffs bearing in mind that ultimately, they would still meet and agree when the trade war starts as a result of unilateral tariff from one side.

KEYWORDS: *International Trade, Unilateral Tariff, Global Economy, Trade War, Agreement*

1. INTRODUCTION

International trade has different connotations depending from what perspective it is being looked at. However, in general it means the exchange of capital, goods and services across international borders or territories.¹ This arises because there is the need or want of goods and services everywhere across borders.² International trade amongst the countries of the world began in the medieval period where trade by barter was the main type of trading, i.e. using goods to purchase goods or properly stated using goods as a means of exchange. Such ancient international trade included Scramble for Africa and Atlantic slave trade. However, trading grew over the centuries culminating in both bilateral and multilateral agreements between trading countries. This was particularly so between the 16th and 20th centuries.³ The trade agreements were not only on goods per se but also on tariffs on the goods and other services. Examples of such trade agreements in

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¹ International Trade, <<https://dictionary.com>>, accessed on 14th July 2020.

² Report on International Trade and Finance by International Chamber of Commerce Academy, accessed on the 14th July 2020.

³ History of International Trade, <<https://britannica.com>>, assessed on the 14th July 2020.



modern time could be seen between the United States of America with Canada, Mexico, Russia and China. It could also be seen within the countries of Europe, Africa and Asia amongst themselves and others. The essence of these trade agreements amongst countries of the world is to make for good trading relationships, economic benefits and ease of tension in the world economy.

With the advent of international trade relationships, also came the issue of tariffs on goods then and also on services now. Thus, tariffs have been used in international Trade since at least the late 16th century when a practice called mercantilism took place. During that time period, European nations believed that the nation with the most wealth would have the greatest empire. Thus, they sought to increase their trade and national revenue by levying tariffs on imported goods to increase sales of their own goods. These were some of the earliest uses of tariffs in history. Since then tariffs have been used for similar reasons, though ensuring the security of a nation has become the main cause for using the practice of tariffs.⁴

2. ORIGIN OF TARIFFS

Tariffs or taxes in imported goods originated in ancient times as tolls imposed by States and City-States to raise revenue, regulate commerce and protect local industries. The word tariff comes from the Arabic word 'ta'rifa' which means "to inform" or "list of fees". It was adopted from the Mediterranean trade and the Spanish Port City of Tarifa, which historically levied duties on passing ships. So, tariffs or taxes on imported goods originated in ancient times as early as the Bronze Age (i.e. 3rd-2nd Millenniums BCE). Early civilizations, such as the Assyrians and Greeks applied them at the borders, ports, city-gates, to tax incoming trade. They were functioning essentially as tolls to fund State treasuries.⁵

2.1 Summary of Ancient and Medieval Roots/Origin

1. Bronze Age/Assyria: Merchants records show that local rulers were levying taxes on imported metals and textiles.
2. Classical Greece: Athens imposed 2% duty on imports at the Port of Piraeus to fund City-State needs.
3. Roman Empire: Internal trade was taxed at 1-5% while luxury goods from outside regions had higher tariffs of 12-15%.
4. Medieval Period: Feudal lords and monarchs in Europe established tolls on bridges and city gates (12th-15th centuries) to increase revenue.⁶

⁴ History of Tariffs, <<https://study.com>>, assessed 19 May 2026.

⁵ Tariffs Origin, <<https://tradetreasurypayments.com>>, assessed 19 May 2026.

⁶ International Center for Journalists, A Reporter's Guide to the History of Tariffs, <https://www.icfj.org> assessed 19 May 2026.



2.2 Evolution of Tariff Policies

1. Mercantilism Era (16th-18th centuries): Tariffs were used to accumulate gold and silver by heavily taxing imports, an example, was the British Navigation Acts that restricted trade to British ships.
2. Industrialization Era (19th century): Tariffs became a tool to protect “infant industries”, particularly in the United States of America. There they protected new textile and steel industries from competitions from similar foreign goods, leading to the “Tariff of Abomination” of 1828.
3. Modern Era (20th century): At this time, the focus shifted towards lower tariffs via reciprocal agreements. This started with the United States Reciprocal Trade Agreement of 1934, which led to the creation of World Trade Organization (WTO). However, this appear not to be the position now as the same United States currently is imposing unilateral tariffs indiscriminately on virtually all nations of the world.

Accordingly, the purposes of tariff through history have been as follows:

1. Revenue Generation: Earlier, taxes on goods were primary sources of income for the States and Kingdoms to pay for security and infrastructure.
2. Protectionism: Over time, tariffs were used to protect local industries, such as when Britain implemented tariffs in the 18th century to curb cheap high quality textile imports from India and China.
3. Political Tools: In the 19th and 20th centuries, tariffs became tools of economic war or negotiations, such as the high duties levied in the United States to protect emerging domestic manufacturers and to bring countries to succumb to American dictates and lordship as in the present times.⁷
4. Trade Imbalances: In the modern day 21st century, tariffs are used to address trade imbalances and to still protect against foreign competition. This could be seen in the trade policy shifts regarding imports from top suppliers.⁸

3. CONCEPTUAL FRAMEWORK

A tariff is a tax or duty or levy imposed by a government on goods and services imported from other countries. It is used to generate revenue for the government rather than restrict trade. It acts as a financial barrier designed to make foreign products more expensive. This encourages consumers to buy domestically produced alternatives and protects local industries from foreign

⁷ (n6).

⁸ (n5).



competition. Tariff is often imposed in response to another country's trade policies or high tariffs, often resulting in a "trade war".⁹

This tax is usually levied directly on the importing business or company when the goods cross the border. It is usually a percentage of the value of the item imported and it is enforced by the Customs Service at the border. After that, on the entering of the goods into the country of the importer, the importing business or company usually passes the extra cost (i.e. tariff) onto the consumers, which makes the imported goods cost more, thus, making the alternative domestic goods cheaper and more appealing to buy. Apart from shielding domestic industries from cheaper foreign competition and for a government to collect money at the border, tariffs can also be used as tools in trade negotiations or as penalties against countries with unfair trade practices. Also, it protects local jobs and boosts a country's manufacturing industries.¹⁰ Besides, tariffs can also be used to bully a country into submission to the will and caprices of the imposing country. This could be seen in the case of the current American President Donald Trump, using it indiscriminately to force several countries to accede to the demands of the American government/President. Again, it forces some companies being affected by high cost of production and low patronage due to tariff imposed on their goods to relocate and open another factory in the country imposing the tariff to reduce their costs of production and lower foreign patronage arising from the tariff imposition. Several companies have done so in the face of the present exorbitant unilateral tariffs imposition by the current American government.

3.1 Types of Tariffs

There are four types of tariffs, namely:¹¹

1. **Ad Valorem Tariffs:** They are tariffs levied as a fixed percentage of the total value of imported goods. For e.g. a 10% tariff on N30,000.00 cloth, adds N3000.00 to the cost of the cloth, which becomes N33,000.00.
2. **Specific Tariffs:** They are flat, fixed fees charged per unit item or weight of the imported product regardless of its overall value. For e.g. N2,000.00 on each pair of shoes totaling 1000 pairs of shoes amounting to N2,000,000.00
3. **Compound Tariffs:** This is a hybrid of the first two, combining both a specific fee and a percentage of the value of the goods. For e.g. a tariff on coffee bottles for N1,000.00 for each bottle plus 5% of the value of the total number of bottles imported.
4. **Tariff-Rate Quotas:** This is a two-tiered system where a lower tariff rate is applied to a limited specific quantity of the imported goods and thereafter, a much higher tariff rate is applied to the remainder quantity of the goods exceeding the limited quantity. For e.g. where 1000 pieces of

⁹ Tariffs 101: What are they and how do they work? <https://www.oxfordeconomics.com>, assessed 19 May 2026.

¹⁰ Tariff – Definition et al, <https://corporatefinanceinstitute.com> assessed 19 May 2026.

¹¹ Tariffs: Definitions, Types, Effects and Examples, <https://www.studysmarter.co.uk> assessed 20 May 2026.



cloths are imported, a lower tariff of N1,000.00 is charged for 500 pieces and then N1,500.00 is charged for the remaining 500 pieces.

3.2 Advantages of Tariffs

Tariffs have several advantages and they include the following, namely:¹²

1. **Protection of Domestic Industries:** By making imported goods more expensive, tariffs encourage consumers to buy locally produced alternatives, thus supporting manufacturing local industries that might otherwise struggle against lower cost imports.
2. **Creation/Preservation of Jobs:** When local industries are protected and demands for their goods increase, it can lead to higher employment and job stability in those specific sectors.
3. **Generation of Revenue:** Tariffs act as taxes on imports, providing a direct source of income for the government treasury.
4. **Diplomatic and Trade Leverage:** Governments use tariffs to pressure other nations to change trade practices, protect intellectual property or achieve non-economic goals like border security.
5. **Fostering “Infant Industries”:** Developing nations use tariffs to protect new developing industries until they are strong enough to compete in the global market.
6. **National Security:** Tariffs can protect essential industries, like steel technology, which are deemed critical for national security, thus, reducing reliance on foreign supply chain.
7. **Correction of Trade Imbalances:** They help reduce trade deficits by reducing the volume of imported goods.

Notwithstanding the above, economists often note that tariffs can be a “double-edged sword” due to their disadvantages as well.

3.3 Disadvantages of Tariffs

There are also several disadvantages of tariffs and they include the following, namely:

1. **Higher Consumer Prices (Inflationary):** Tariffs act as a tax on imports, which increase the costs of the imported goods. Consequently, importers often pass these added costs to the consumers. This results in higher prices of the finished goods and components, thus, acting as a regressive tax.
2. **Retaliation and Trade Wars:** When a nation imposes tariffs on other nations, trade partners often retaliate with their own tariffs, which might be higher. This leads to a “trade war” which is not good for their economies because it reduces exports, hurts export-dependent industries, for e.g. agriculture, and slows down global economic growth.

¹² What are Tariffs Good For? <https://www.oxfordeconomics.com> assessed 20 May 2026.



3. **Reduced Competition and Innovation:** By shielding domestic industries from foreign competition, tariffs decrease the incentive for local companies to innovate, improve quality or operate efficiently.
4. **Supply Chain Disruptions:** Tariffs can raise costs for domestic businesses that rely on imported raw materials or intermediate goods, thus hurting their competitiveness and forcing costly logistical adjustments.
5. **Reduced Productivity and Economic Growth:** Studies indicate that tariffs' increases lead to a decline in labour productivity by forcing a shift in labour and capital towards less productive protected sectors.
6. **Market Uncertainty:** The instability caused by shifting trade policies can trigger market volatility, discouraging business investments and long term planning.
7. **Misallocation of Resources:** Tariffs encourage capital and labour to shift towards less efficient domestic industries that cannot compete on quality or price, thus reducing overall productivity.¹³

While tariffs are sometimes intended to protect domestic jobs, they often protect only specific sectors at the expense of consumers and other industries that suffer from higher costs and reduced export opportunities.

4. PRESENT DEVELOPMENT

Notwithstanding the above, in recent times the issue of international trade has gained such much momentum, that there is a surge in trade relationships amongst several countries. Very recently there was a multilateral trade summit held by Russia for Africa countries. Also, China held similar trade summit for African countries. Even the new development now in the European Union occasioned by Brexit has been centered on trade relationships amongst member countries of the Union. The British government is now shopping for new trade partners after her exit from the European Union trade arrangements. This is to avoid any trade vacuum from Brexit and her withdrawal from the former trade relationships in the European union. Thus, also recently, the British government held a multilateral trade summit with African countries with a view of fostering new and greater trade relationships to close up the gap that have been created in this area from her disengagement from the European Union. Besides, there have been several such summits held by African countries amongst themselves to improve their trade relationships with each other and amongst themselves as in Africa Continental Free Trade Area (AcFTA). From the above, it does appear that global trade relationship is the main thing now to foster peace and unity globally and bring about economic prosperity and advancement for the less developed countries of the world while meeting the industrial needs of the developed countries. Thus, for example, the coming into

¹³ Are tariffs bad? <<https://theconversation.com>> assessed 20 May 2026 .



effect of the African Continental Free Trade Area agreement. These go to emphasize the growing importance of trade relationships amongst various nations of the world. However, despite the above summits which have resulted in either bilateral or multilateral trade relationships amongst nations, the issue of imposition of unilateral high tariffs resulting in trade wars amongst trading nations and other negative vices has persisted and even more recently with the wave such tariffs emanating from Donald J. Trump, the current President of the United States of America.

4.1 UNILATERAL TARIFFS

As stated earlier, despite the increase in global trade relationships, there has been imposition of unilateral tariffs on several imported goods global. Mostly, this has been done by the United States of America under the present leadership of President Donald J. Trump for obviously unwarranted reasons. President Trump from his first tenure between 2017–2021 imposed unilateral high tariffs on several countries, which led to trade disputes over existing trade agreements between United States and the affected countries over tariffs. This is seen in the multilateral trade agreements between the United States of America, Canada and Mexico, which now appear to have been resolved with a new trade agreement. According to critics on the America side, particularly the labour unions, the major problem with the earlier trade agreement amongst these countries was job losses in manufacturing as companies relocated from America to Mexico for lower labour costs, which in turn affected the American economy. Consequently, there was a renegotiation of the trade deals amongst these countries. Mostly, the North American Free Trade Agreement (NAFTA), which was a trade treaty signed by these countries on January 1, 1994 was replaced by a new trade deal of the United States-Mexico-Canada Agreement (USMCA) of July 1, 2020. The core objectives of USMCA are tariff elimination, market expansion, intellectual property protection and dispute resolution mechanism on trade issues.¹⁴

Notwithstanding the above agreement, barely a year after, on the 20th of July, 2026, the United States President Donald Trump once again imposed a 50% tariff on cars, alcohol and dairy products coming from Canada into the United States of America for no justifiable reason at all other than that smoke is billowing from Canada's wildfire across to some cities in America. According to President Trump Canada ought to know how to control their wildfire properly, which wildfire emanates from nature and is exacerbated by strong wind also from nature which cannot be easily controlled.

The more furious trade disagreement is the bilateral trade agreement between the United States of America and China, the world's two most major trading nations. The situation became worse in President Trump's current term such that between 2025-2026, he has imposed extremely high tariffs on virtually every country, and much more on China, which tariffs were at the peak of 145% as at April, 2025, though reduced now to 47%, still far more than 20% before the new imposition.

¹⁴ USMCA Objectives, <<https://www.tradeatlas.com>> accessed 21 May 2026.



China retaliated with 125% as at April, 2025 but currently Chinese tariffs for goods from United States stands at 32.6%. According to the Chinese, the imposition of US import tariffs is “completely groundless and is a typical unilateral bullying practice”.¹⁵ The high tariffs escalated the trade wars between the two nations until both sides agreed to lower them to the current levels, though temporarily according to President Trump.

The unilateral tariffs, according to President Trump have arisen primarily due to trade imbalance in favour of several other countries, particularly China, Canada and Mexico and against the United States of America. This resulted in retaliatory imposition of huge tariffs by the other countries on goods traded on both sides amounting to several hundreds of billions of dollars, thus escalating the trade wars. The furiousness of these trade wars were such that they appeared not to be ending in the near future, however, the tension has reduced as most of the countries have renegotiated with United States by accepting reduction in the initially imposed tariffs, which were more than the former tariffs before the unilateral new tariffs. Due to the unilateral high tariffs and the retaliation thereof, the prices of the affected goods on both sides have risen sharply and impacting negatively on the citizens and economies of not only the countries involved in the trade wars but also on other countries of the world, thus, impacting the global economy. Therefore, the furor generated by these trade wars is raising serious concerns as it is impacting negatively on the world economy.

4.2 Literature Review

Some authors have commented on this issue of unilateral tariffs and their impact on the citizens and global economy. According to Jonathan Gold, Vice President for Supply Chain and Customs Policy of the National Retail Federation of America, tariff increases and new tariffs will mean higher costs for U.S. businesses, higher prices for American consumers and loss of jobs for many American workers. He encourages the administration to stay focused on trade agreements, and hopes that the negotiations will get back on track. He stated that it would be unfortunate to undermine the progress that has been made with more tit for tat tariffs that only punish Americans.¹⁶ For Monique Carvalho and others,¹⁷ the trade war would lead to a reduction in U.S. trade deficit and an increase in domestic production of those sectors affected by higher import tariffs and Chinese producers and consumers would bear the lion's share of the burden of the trade war. They stated that on the other hand, both countries and the world as a whole would lose in terms of welfare, due to the significant reduction in allocative efficiency, especially in the U.S. and the loss of terms of trade in the Chinese case. According to them, with the increase in protectionism between the two largest global economies, some important emerging countries, not directly involved in the trade war, would benefit by the shift in demand to sectors where they have comparative advantage.

¹⁵ Understanding Tariffs et al, <<https://www.vespertool.com>> accessed 21 May 2026 .

¹⁶ J. Gold's message on *Higher Sales and Tariff Dread Drive Retail Import Increases* delivered in May, 2019, in a meeting of the National Retail Federation of America.

¹⁷ Monique Carvalho “*Emerging Countries and the Effects of the Trade War between US and China*” of 13 May, 2019 at www.mdpi.com/journal/economies, 1-21 accessed 12th July 2020 & Curran L. et al: “The Influence of tariff regimes on global production networks (GPNs)”, [2019] 19 *Journal of Economic Geography* 873-895



Again, Love, et al, in their article¹⁸ stated that the opening of markets has boosted trade and economic growth worldwide in the past few decades. Yet tariffs, which are taxes imposed by importing countries on foreign goods, remain a key obstacle to market access. They stated further that potential benefits of further reducing this obstacle are significant. According to them, the Organization of Economic Developing Countries estimates that scrapping of all tariffs on merchandise trade and reducing trade costs by one percent of the value of trade worldwide would boost global welfare by more than \$170 billion a year, in some areas adding the equivalent of up to two percent to GDP. They also stated that conservative estimates suggest that there would be significant welfare gains for developing and developed countries alike. According to them under many of the scenarios, developing countries as a group could expect greater welfare gains than the developed countries. But all regions stand to gain if tariff reductions are combined with substantial progress toward reducing trade costs, such as through more efficient customs procedures. By making products more expensive to consumers, tariffs hamper demands for imports. They also alter the relative prices of products, and can protect uncompetitive companies and their over-priced products. Also, W. Lightfoot, et al¹⁹ assert that the overwhelming majority of economists recognize that free trade reduces consumer prices, enhances competition and transfers new ideas. According to the authors, unilateral free trade is both probably the single most effective industrial strategy the government of Britain could implement to boost productivity, and a clear way for a global Britain to demonstrate real moral leadership and help developing countries trade their way out of poverty. They further stated that while there may be uncertainty about magnitudes of tariffs, almost nobody disagrees with the central point; tariff liberalization is good for both consumers and producers, and remains beneficial even if done unilaterally. According to the World Bank²⁰, trade is central to ending global poverty. Countries that are open to international trade tend to grow faster, innovate, improve their productivity and provide higher income and more opportunities to their people. The Bank also stated that open trade also benefits lower income households by offering consumers more affordable goods and services. Integrating with the world economy through trade and global value chain helps drive economic growth and reduce poverty locally and globally. In any case, the above would not be the position if free trade is bogged down by unilateral high tariffs by trading countries because of trade war arising from imbalance in trade or otherwise. The above authors did not reflect the effects of unilateral high trade tariffs on African countries, which economies depend more on imported goods and services and most of them, if not all, do not have any comparative advantage of any product. Therefore, while the views of the above authors may be true for some other developing countries, the same cannot be emphatically said for Africa countries, where most of them have no comparative advantage for any goods or products traded and virtually all of them spend huge amounts of their national income on imports, whether there are high or low tariffs on the goods imported. This is due mainly to low local productivity in African countries, which do not

¹⁸ Love, "Protectionism? Tariffs and Other Barriers to Trade", in *International Trade: Free, Fair and Open?* OECD Publishing, 2009, Paris, pp. 56-75 .

¹⁹ W Lightfoot, *The Case for Unilateral Free Trade*, Global Champion of February, 2019, and accessed on 18th July 2020.

²⁰ World Bank Group, *Stronger Open Trade Policies Enable Economic Growth for All*, accessed on 18th July 2020.



add value to their economic products that could have give them some advantage but instead export the products in their raw states. Thus, the African countries must be worst adversely affected by trade wars arising from imposition of high or exorbitant unilateral tariffs in other countries as they depend more on imported goods, industrial materials and equipment.

4.3 Impacts of Unilateral Tariffs On Global Economy

Generally, the imposition of unilateral tariffs impacts the global economy negatively in several ways. However, we shall just deal with a few herein. Some of the negative impacts of imposition of unilateral high tariffs arise as a result of trade war between the countries. Trade war is an economic conflict in which countries impose tariffs, quotas and other restrictions on each other's goods and services. The war begins when one government of a country purports to protect domestic industries or punish perceived unfair trade practices by imposing unilateral high tariffs on the other or others. This leads the affected nation to retaliate with her own trade measures of similar dimension, which result in a chain of other negative impacts on the global economy.²¹

1. Distortion of Global Economy: Unilateral tariffs distort the global economy by disrupting optimal supply chains, inducing retaliatory trade restrictions, and driving up consumer prices and inflations. Since unilateral tariff acts as a protectionist method, it penalizes corporate advantage, creates severe policy uncertainty and stifles global Gross Domestic Product (GDP) growth.²² This results in the disruption of economic planning.

2. Distortion of Global Trade: This arises by dismantling multilateral trade agreements, fracturing complex supply chains and triggering retaliatory counter-measures, which results in misallocation of resources, reduction of economic efficiency and causes inflation. This undermines World Trade Organization (WTO) and shifts the global economy downward and causes fragmented inefficient regional markets.²³ This leads to global economic hardship.

3. Disruption of Global Supply Chain: Manufacturing relies on highly integrated, cross-border production networks. Therefore, when a country imposes sudden tariffs on intermediate goods or raw materials, this immediately increases the costs of production for down-stream industries. This forces the companies to alter their manufacturing plans, relocate production or pass the increased costs to consumers, resulting in inflation and stag inflationary pressures.²⁴ Thus, this causes dislodgement of the global economic order and creates tension.

Political Bullying

4. Choking of International Trade: Unilateral tariff forces targeted nations to implement retaliation tariffs. It specifically targets politically sensitive sectors like agriculture or specific

²¹ Trade Wars Explained, <<https://www.investopedia.com> & <https://www.schwab.com>> accessed 21 May 2026.

²² Proliferation of Unilateral Tariff Measures and its Impacts, <<https://www.researchgate.net>> accessed 22 May 2026.

²³ What do tariffs really do? <https://www.wto.org> accessed 22 May 2026.

²⁴ Micro and Macro Consequences of Tariffs <<https://www.cambridge.org>> accessed 22 May 2026.



manufacturing hubs. This creates a vicious circle that chokes international trade volumes, penalizes global competitive exporting firms and lowers global demands for the goods and services from various countries.²⁵

5. Heightened Financial and Economic Uncertainty: Unilateral tariff measures impact financial markets. It causes exchange rates to swing and borrowing costs to rise. According to United Nations Conference on Trade and Development (UNCTAD), this uncertainty is essentially a “new tariff”. This disproportionately impacts developing economies by squeezing access to trade finance and restricting foreign direct investment.²⁶

6. Erosion of Multilateralism and World Trade Organization: To ensure global economic stability, there is the principle of Most-Favoured-Nation (MFN). This is championed by the WTO. Unilateral tariffs bypass the multilateral dispute mechanisms but instead favours closed bilateral negotiations. This weakens the foundational rules that govern international commerce and increases the risk of trade weaponization.²⁷

7. Dislodge Global Economic Growth Forecast and Policy: Every year the World Bank releases economic growth forecast for every country, which each country makes every effort to achieve. This forecast is based on certain parameters of the prevailing economic conditions and measures undertaken by a country. From the sum of all the countries’ growth forecast, the World Bank predicts or determines the economic growth rate of the world for the year. This helps the Bank to focus its programmes in the direction to achieve the said growth rate. However, all this is altered once unilateral high tariffs are imposed on any or some countries without compliance with the approved standard rules and procedures. This alteration throws the global economy into chaos which affects the economies of various countries and so their correct growth rate for the year cannot be properly measured and determined. In turn, the global economic growth rate also cannot be determined and so the world economic growth for that year remains unascertained. This is not good as it affects proper planning and execution of the world economic policy by the World Bank.

8. Political Instability: Unilateral high tariffs could cause political instability just as much as it causes economic crises in nations affected. This could lead to truncating a political administration in a country arising from the resentments due to high cost of goods, inflation, loss of jobs, unemployment and other negative effects of unilateral high tariffs. The above easily arise where there are in existence underlining economic and political issues, which could be exacerbated by high tariffs negativities.

9. Imposition of Authoritarianism: Unilateral tariffs, particularly as used by President Trump, is for bullying other countries to succumb to the dictates of US desires. This has made several countries accede to the wishes of US to be able to continue trading with the country. The above is

²⁵ Understanding Tariffs and their Ripple Effects across the Supply Chain <<https://igps.net>> accessed 24 May 2026.

²⁶ UNCTAD <<https://www.unctad.org>> accessed 22 May 2026.

²⁷ Unilateral Tariffs, Weakening WTO, Trade Weaponization et al, <<https://www.youtube.com>> accessed 22 May 2026 .



particularly so for those countries that do not have the wherewithal to impose retaliatory high tariffs on the US because they do not have comparative advantage in any product as against the US. Therefore, they must comply to the whims and caprices of the US government to sustain their economies.

10. Suffocate and Strangle Domestic Economy: The imposition of unilateral tariffs on a country tend to weaken and destroy the country's economy. This arises because the purchasing capacity and capability of that country in international market is damaged. In order for that country's economy to survive the political leadership of such a country has to surrender to the wishes of the tariff imposing country, thereby being subjugated. In the case of this President Trump's unwarranted unilateral tariffs, the countries slammed with such high tariffs usually go cap in hand to appease the American President and accept all his demands for the percentage of the tariffs to be lowered. Such demands are accepted whether or not they benefit the country on which the high unilateral tariffs are imposed else her economy would be suffocated and strangled. Thus, such a country is made to be subservient to the American President and ever ready to do his will else she would suffer terribly. An example is what is presently happening to Cuba where the country is at the brink of collapse because of the excessive unilateral tariffs imposed on her by President Trump just because he wants to take Cuba as part of American territory but the leadership of that country refused. What an insane demand for an independent country that had existed for nearly a century without the people requesting to be part of the American territory.

5. ROLE OF WORLD TRADE ORGANIZATION IN REGULATION OF TARIFFS

The World Trade Organization (WTO) regulates international tariffs based on the agreement of member States. Initially, members of the Organization have agreed to a maximum tariff ceiling for every traded product. This is known as 'bound tariffs' which can be lowered but cannot be raised beyond the set ceiling. Therefore, raising import tariffs unilaterally is a violation of the law of WTO.²⁸

The WTO regulates tariffs primarily through Article 1, which deals with the principle of the general Most Favoured Nation Treatment; Article 11, which is for Schedules of Concessions; and Article XXVIII, which is Modification of Schedules, all of the General Agreement on Tariffs and Trade (GATT 1994).

Article 1 deals with Most Favoured Nation principle. It requires member nations of the WTO to treat all member countries equally. Thus, if a country lowers a tariff or gives a special trade favour to one country, it must do the same for all other members of the Organization.²⁹

²⁸ Understanding Import Tariffs under WTO Law, <<https://epthinktank.eu>> accessed 22 May 2026 .

²⁹ *ibid.*



Article 11 deals with Schedules of Concessions. This requires member nations to stick to their maximum tariff ceilings called ‘bound tariffs’, which is listed in their countries’ official schedules with the WTO. This means that they cannot charge ordinary customs duties higher than those agreed limits.

Article XXVIII deals with Modification of Schedules. This sets the rules and negotiation procedures for a member country if it wants to raise or withdraw a bound tariff commitment it made previously. This means that a member nation cannot unilaterally raise or withdraw a bound commitment on its own without complying with the WTO rules and negotiation procedures.³⁰ These rules and procedures have violated by the current United States of America government.

Despite the above provisions of the WTO, the question is why has the WTO not applied the provisions to curtail President Trump and sanctioned the United States of America for the violation of the same by incessant unilateral imposition of exorbitant tariffs on other nations far above their ‘bound tariff’ and without recourse to the rules and procedures of the WTO? The reasons to the above question are obvious and include the following:

1. There is no sanction provision in the WTO providing any punishment for non-compliance with the provisions of the Organization.
2. The rules and procedures of the WTO are merely voluntary agreements which only have force if any member decides to abide by them.
3. Though there is no sanction provision, any member aggrieved by unnecessarily high tariff must lodge a complaint to the WTO and request for its intervention. WTO does not act on its own to ensure compliance with its rules and procedures and unfortunately none of the countries that United States has imposed high tariffs on has lodged any complaint with WTO.
4. President Trump is a bully and so he can act as he likes because the US has a very strong economy, which many countries trade with and even rely on for their economic survival. So many countries desire to trade with the US for their economic sustainability and do not have any better alternative if they want to survive. The US President Trump understands this and so he capitalizes on it to do as he likes through imposition of unilateral high tariffs without recourse to WTO rules and procedures.
5. The entire world economy is denominated in US dollars i.e. the worth of a country’s economy is measured in US dollars. This being the case every country measures the strength or weakness of her economy on the US dollars. Accordingly, the world economy appears to be dependent on the rising and falling of the US economy and dollars. This being the position it takes a reasonable and rational President of the US not to adopt the imposition of unilateral tariffs to subjugate other countries knowing that countries are dependent on each other for their economic and social

³⁰ (n29).



growths. This standard is of less concern to President Trump as long as he gets what he thinks is the best for the US under his leadership and places the country above others to fit his slogan 'America First'. Consequently, President Trump is not prepared to comply with the rules and procedures of the WTO. This is more so as he did not support the selection of the present Director General of the WTO, Dr. Ngozi Okonjo-Iweala, of Nigeria, and so blocked her appointment until he left office as the US President in his first term from 2017-2021.³¹

Though the WTO could not stop President Trump from imposing unilateral high tariffs on various countries, the Supreme Court of the US tried to stop him in the case of *Learning Resources Inc. v Trump* 607 U.S. _ 2026, Docket No: 24-1287 decided on February 20, 2026. In that case the U.S. Supreme Court held that the International Emergency Economic Powers Act (IEEPA) 1977 does not authorize the President to impose tariffs. Although the U.S. Supreme Court did not specifically decide on the unilateral tariffs being imposed by President Trump on other nations, it decided that a U.S. President does not have the powers under the IEEPA to impose tariffs. Accordingly, the U.S. Supreme Court struck down the unilateral tariffs and ordered President Trump to refund \$1.6 billion already collected from the unilateral tariffs, which order the President has refused to obey up to date but instead has continued with the imposition of new unilateral tariffs. This ordinarily means that the unilateral tariffs being imposed by President Trump are unlawful and so the court struck down the same.³² Notwithstanding the above decision, on the 21st July 2026 President Trump imposed 50% tariffs on some goods from Canada and on the 24th of July 2026, announced another round of higher tariffs on many nations including some goods in China to replace his earlier reduced tariffs of 10%. The total number of countries affected by recent higher unilateral tariffs of President Trump is 80, which imposition only Canada and China have rejected. However, these countries rejection of these tariffs is of no moment as they would eventually look for a way to pacify the American President to lower the percentage of the tariffs respectively. Accordingly, it would appear that even the U.S. Supreme Court cannot deter President Trump from imposing high tariffs on various nations.

6. CONCLUSION

Tariff is desirable in international trade as it benefits every nation that has any goods or products to sell in international market. However, it should be imposed sparingly and within the confines of the limits i.e. the 'bound tariffs' of the WTO as agreed by the member nations. Any increase or change of the same to higher limits must be done in compliance with the rules and procedures of the organization. These are extant legislation agreed upon by the member nations and so must strictly be adhered to by the nations. Any departure from them is an affront to the WTO as a body and the other nations which should not be tolerated. Accordingly, the imposition of high unilateral tariffs on member nations of the WTO without recourse to the binding rules and procedures is against the letters and spirit of the Organization, which every member nation must condemn and

³¹ U.S. Opposes Pick to lead WTO, <<https://www.wsj.com> & <https://www.politico.com>> accessed 25 May 2026.

³² W Burke-White, Trade Regulation by Emergency, <<https://www.theregreview.org/2026>> accessed 25 May 2026.



oppose vehemently. If all the member nations of the WTO can unite on this and face it together frontally, President Trump who is prone to imposing unilateral high tariffs would certainly have a rethink. This is so because no nation can stand alone in this world economy. Each nation depends on another or some others for one thing or the other to foster her economy. Assuming that no nation can supply any goods or services to the US because US has everything it needs to grow and sustain its economy, the US still needs other nations to purchase her goods and services for her economy to grow and be sustained. What if all the other nations boycott the purchase of the US goods and services can her economy grow and be sustained? The answer of course is capital NO. This analogy gives the other nations of the world the impetus to confront the US together to stop these excesses of President Trump. Therefore, these unilateral high tariffs should not be tolerated, though it is hoped that a rational future US President would cancel the same.

7. RECOMMEDATIONS

1. Member Nations of the WTO Should Collectively Reject Unilateral High Tariffs and Resist Such Measures Through Coordinated Economic Responses

The World Trade Organization (WTO) was established to promote free and fair international trade based on agreed rules and principles. When a country unilaterally imposes excessively high tariffs outside the framework of WTO rules, it undermines the predictability and stability of the global trading system. Consequently, member states should collectively oppose such measures through diplomatic engagement, dispute settlement procedures, and coordinated economic responses. Rather than allowing a powerful state to dictate global trade conditions, WTO members can strengthen multilateralism by presenting a united front against protectionist policies. Such collective action would discourage future violations, preserve confidence in the international trading system, and ensure that no single nation can disproportionately influence global commerce to the detriment of others.

2. The WTO Should Amend Its Legal Framework to Provide Effective Sanctions Against Violating States

One of the major weaknesses of the WTO system is its limited ability to compel compliance with its rulings. While the WTO Dispute Settlement Body can determine whether a member has violated trade obligations, enforcement mechanisms are often inadequate, especially when the offending nation is a major economic power. Therefore, the WTO should reform its legal framework to introduce stronger and more effective sanctions for member states that deliberately violate tariff regulations and other trade obligations. Such sanctions may include monetary penalties, temporary suspension of voting rights, withdrawal of certain trade privileges, or restrictions on participation in specific WTO programs. Strengthening enforcement mechanisms would enhance accountability, improve compliance with international trade rules, and reinforce the credibility of the WTO as the principal regulator of global trade.



3. **The United Nations Should Play a More Active Role in Addressing Unilateral Tariff Measures**
Although trade regulation is primarily within the mandate of the WTO, the broader economic and social consequences of unilateral tariffs extend beyond trade and affect international peace, development, and economic stability. The United Nations, as the foremost international organization responsible for promoting global cooperation, should therefore take a more active role in addressing the adverse effects of protectionist trade policies. Through its various organs and agencies, the UN can facilitate dialogue among nations, encourage adherence to international trade norms, and promote policies that support economic cooperation and sustainable development. By placing the issue of unilateral tariffs on the global agenda, the UN can contribute to reducing trade tensions, preventing economic conflicts, and safeguarding the interests of developing countries that are often the most vulnerable to disruptions in international trade.

4. **The World Bank and the International Monetary Fund Should Encourage Greater Diversification of Global Reserve and Trading Currencies**

The dominance of the United States Dollar in international trade and finance gives the United States significant influence over global economic activities. As a result, economic policies adopted by the United States, including tariff measures and monetary decisions, often have far-reaching consequences for countries across the world. To reduce excessive dependence on a single currency, the World Bank and the International Monetary Fund (IMF) should promote a more diversified international monetary system. This may involve encouraging the increased use of other major currencies such as the Chinese Yuan (Renminbi), British Pound Sterling, Euro, Japanese Yen, and other stable currencies in international transactions and reserve holdings. A diversified currency system would reduce systemic risks, enhance financial stability, and provide countries with greater flexibility in managing international trade and economic relations.

5. **Countries Should Diversify Their Sources of Imports and Reduce Excessive Dependence on the United States**

Excessive reliance on imports from a single country exposes economies to significant risks whenever trade disputes, tariff increases, or political tensions arise. To enhance economic resilience, countries should pursue policies that diversify their import sources and establish trade relationships with a wider range of nations. By sourcing goods and services from multiple countries, states can reduce their vulnerability to supply chain disruptions and avoid excessive exposure to the economic policies of any single trading partner. Diversification can also stimulate competition among suppliers, leading to lower prices, improved quality of goods, and greater consumer choice. Furthermore, expanding trade relations with emerging economies and regional partners can strengthen economic cooperation, promote regional integration, and contribute to long-term economic growth and stability.