



G20

Agenda: Discussing the Impact of Trade Wars and Tariffs on Global Economic Stability and Identifying Solutions for Trade Disputes





G-20 Study Guide GC-MUN '23

Agenda: Discussing the Impact of Trade Wars and Tariffs on Global Economic Stability and Identifying Solutions for Trade Dispute

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1. Letter from the Executive Board

It is an absolute honour to serve in the Executive Board in this edition of GC-MUN '23. I am Raghav Pathak, the Chairperson for G-20 and we have with us, Tanay Musale, who will be serving as the Vice-Chairperson. With immense pleasure, we welcome you to delineate the duties of a diplomat of your country and officially step into the shoes of an emissary to play a very crucial role of discussing, debating and arguing your country's stand and approach towards our agenda. We have prepared this background guide, which is essentially to give you some idea about the agenda at hand and to cater your basic research. Please note that the Background Guide is used to give you an overview of the topic, and you need to do some research on your own regarding the policies and opinions of the country you will be representing. As the Executive Board, we look forward to inspiring the next generation of MUN delegates by fostering a stimulating, engaging environment.

G-20 expects you to use your soft skills, critical thinking, fast-paced attitude, analytically approach problems and suggest relevant solutions, exercise competency and discipline and to contemplate assiduously your judgement and opinions. In this background guide, me and Cynthia have used a plethora of international conventions, ratifications, citations, laws, treaties, charters, G-20/organisational reports, surveys, UN resolutions etc. which we both hope you all will comprehend meticulously as they will pitch in your speeches and arguments.

The G-20's mandate is to promote open discussion and increased cooperation between fully-developed and emerging-market economies by tackling important globally relevant financial policy issues. This committee has a very peculiar nature as a non-UN body and its agenda is distinctive rather than the UN's conventional geopolitical/socio-political agendas. The global economy would suffer significantly as a result of a trade war, which might be started by any nation as protectionist measures intensify. Tariff-imposing nations and tariff-subject nations would both suffer losses in economic wellbeing, while non-tariff nations would sustain collateral harm. Because skewed pricing signals would impede the specialisation that would optimise global

production, output losses from tariffs would be permanent. Although still remote, the likelihood of a full-scale trade war is rising. With the most at risk, a deal that covers important concerns like market access, intellectual property rights, and joint-venture technology transfer is in the best interests of China, the EU, and the US. A trade war's outcome will be influenced by monetary policy and the reactions of the financial markets. In reaction to increased domestic inflation, the US federal funds rate increases more swiftly than in the baseline prediction.



An increase in financial pressure would have a negative impact on fresh loan flows and would impede commerce, industrial output, and investment. Additionally, a protectionist atmosphere is predicted to cause a decrease in global share values. Although still remote, the likelihood of a full-scale trade war is rising. With the most at risk, a deal that covers important concerns like market access, intellectual property rights, and joint-venture technology transfer is in the best interests of China, the EU, and the US. A trade war's outcome will be influenced by monetary policy and the reactions of the financial markets. In reaction to increased domestic inflation, the US federal funds rate increases more swiftly than in the baseline prediction. G-20 delegates shall come together to discuss, examine, review and analyse to put together a solution representing their country's ideas and objectives.

We know that you may come across a lot of doubts/queries to which the EB is always available (mostly 90%). Don't be afraid to ask questions and discuss vigorously, as that will enliven the debate and make for a more substantial experience. In particular, if you have any questions about the content, operations or format of this committee, feel free to email us at raghavpathak@unitednationssc.org and tanaymusale@gmail.com.

We wish you all the best in your preparations and look forward to seeing you at the conference.

Best Regards,
Raghav Pathak, Chairperson | G-20 Tanay Musale, Vice-Chair | G-20

2. IntroductiontotheAgenda

2.1 Abstract & Background

How can a trade war & dispute be identified, observed, described or even defined?
A trade dispute is an argument or quarrel between two or more parties about something having to do with employment or international trade.
A trade dispute may occur under international law about things like tariff rates or other concerns pertaining to global trade. For instance, Country B could submit a protest with the World Trade Organization (WTO) to settle the conflict if Country A charges excessive taxes on products imported from Country B.
Thus, if one country believes that a rival country engages in unfair trade practices, trade wars may break out. Politicians may be under pressure from domestic trade unions or business lobbyists to reduce the appeal of imported goods to consumers, which might lead to a trade war. Additionally, a misunderstanding of the general advantages of free trade sometimes leads to trade wars.
Trade wars are typically viewed as a negative byproduct of protectionism. Government initiatives and regulations that impede commerce internationally are referred to as protectionism. Protectionist measures are typically taken by nations to defend native industries and workers against international competition. Protectionism is another tool for reducing trade imbalances. When a nation's imports are greater than its exports, a trade



deficit results. A tariff is a charge or levy placed on imports into a country. A trade war may be tremendously harmful to both countries' consumers and enterprises in a global economy, and it can spread to affect many different elements of both economies. A trade war that starts in one industry can spread to impact other industries. Similar to how a trade spat that starts between two nations can spread to other nations that weren't initially engaged. As mentioned above, a tendency toward protectionism may be the cause of an import "tit-for-tat" conflict.

A trade war is separate from other measures like sanctions used to restrict imports and exports. Instead, because its objectives are particularly tied to commerce, the trade war has a negative impact on the trading ties between two nations. For instance, sanctions could also have altruistic objectives. In addition to tariffs, protectionist policies can be put into effect through capping import quotas, establishing precise product requirements, or providing financial support to businesses to discourage outsourcing.

2.2 Potential causes & sources

Trade Wars are instigated and incited due to several reasons. Largely, what trade wars consist of and their scale and proportion are mentioned in the preceding paras. While studying the Potential Causes and Sources of Trade Wars being initiated for different countries, several factors can be taken into account.

Live examples of these trade wars between super economies all over the globe have provided enough impetus to study in depth, the effects, gravity and the causes which lead to such further economic problems. Not every economic stalemate can lead to a trade war. But, in the era of economic exigencies, it is important to study the potential causes of tariffs, economic stalemates, technological imbalances, all of which individually bear the capacity of leading the concerned parties into heightened economic tensions. The highlight of the subject is that, it is not only the concerned parties which have to face the economic brunt of these issues but even the surrounding neighboring, dependent nations face the heat of these economic tensions.

Some of the potential causes and sources which form the basis of such economic tensions are:

a) Economic Tariffs:

The primary and common reason for Trade wars are the Economic Tariffs. For general understanding, tariffs are the charges put upon by an individual country upon the goods of other country, to enter their markets and make their business into the importing country. Understanding tariffs has become an important part of analyzing the geopolitical relations in the future. Tariffs are used by a nation to their advantage by waiving off tariffs over certain goods and products imported from different nations with the vision of improving trade relations or on the base of various trade MoU's which are signed for increased economic relations with amongst those nations. Additionally, various pacts/treaties are signed amongst various blocs/nations groups and in the United Nations bodies for the free trade of certain goods/products.

On the other hand, tariffs can also be used for certain reasons such as the protection of the domestic rights of business of a country, providing disadvantage to a particular nation



leading to the closure of business/trade of those nations over that product. Several trade laws all over the world protect countries from facing such unfair trade practices. Largely, there are many loopholes in the functioning and implementation of these trade laws which are used by several countries to their benefit here. Excessive tariff input on a particular product from a particular country can have several severe ramifications which are mentioned further in detail. Factors such as loss of business leading to loss of revenue for a country connected with the loss of economic horizons for the product, adding to it, the large scale unemployment which is the probable cause of such high tariffs is also a major human resource issue.

All of these factors are responsible for the probable trade wars arising between nations.

b) Formation of monopolising Trade blocs:

As can be naturally figured out, exploiting monopoly into the modern world over a particular product is a highly difficult task unless and until accompanied by the high use of technology and Intellectual property security. If we have to keep both of these factors aside, the formation of trade blocs with selective individual countries with the modus operandi of establishing economic dominance on them is a large major possibility. Taking the example of Belt and Road Initiative, which is the abbreviation for the Silk Belt Road Initiative is a major economic initiative taken up by China to form road/rail connectivity amongst the South Asian Nations for the better connectivity of trade. Largely, this is looked upon as a China centric economic policy by several apprehensive nations. Only recently, economic super powers of South Asia— China and India have entered economic tussles over their geo-political changing dimensions.

c) GeoPoliticalDimensions:

Modern warfare has taken several forms. Forming economic tussles is considered to be one of the biggest blows to the mutual relations of countries. Quite recently, with the heightened geopolitical tensions between India-China, Russia-Ukraine are examples of this. The economic dimensions between North-Korea, South-Korea are the lasting examples of this subject. India banned the use of TikTok which was a popular multimedia application in India which gave major business to the Chinese company considering the extremity on their national borders. India has also backed out off the Regional Comprehensive Economic Partnership (RCEP) impacting their Free Trade Agreements with China additionally.

d) Technological misappropriations:

Technology is increasingly at the heart of America's many complaints about unfair and illegal Chinese economic practices. Washington argues that Beijing's extensive and opaque subsidy regime—which includes preferential government financing and procurement contracts—has helped Chinese tech giants like Huawei reach their dominant market



positions. Another long-standing sore point is Chinese government discrimination against foreign firms in such areas as regulatory enforcement, licensing, and market access. Cyber espionage is a form of cyber attack that steals classified, sensitive data or intellectual property to gain an advantage over a competitive company or government entity.

e) Intellectual Property Theft:

Several organisations such as the World Intellectual Property Organization (WIPO) their rule structure base of adjudication helps for the better protection of Intellectual property, patents and trademarks. The United States of America has accused China of stealing their Intellectual Property through unfair business practices and trade means which have eventually led to multiplying complication in the global trade policy. Several countries are apprehensive of their erstwhile rivals when it comes to tapping the other country's technological and IP based potentials. It is a vast and endless resource and countries take advantage of the same.

f) Cartelization:

Approximately 80 WTO member countries, including some 50 developing and transition countries, have adopted competition laws, also known as “antitrust” or “anti-monopoly” laws. Typically, these laws provide remedies to deal with a range of anti-competitive practices, including price fixing and other cartel arrangements, abuses of a dominant position or monopolisation, mergers that limit competition, and agreements between suppliers and distributors that foreclose markets to new competitors. Price fixing across borders by private companies is estimated to raise costs to consumers (including businesses) in the affected industries by 20-40%. In the 1990s, international cartels were found to be operating in a large number of industries, including graphite electrodes, vitamins, citric acid, seamless steel tubes, lysine and bromine. Developing countries, which imported large amounts of these products, were overcharged by billions of dollars. Since individual countries are hard-pressed to fight these cartels alone, international cooperation is critical in dealing effectively with this phenomenon.

3. Impacts of Trade Wars & Disputes

3.1 Impacts on Global Economic Stability:

To understand the subject of Global Economic Stability, let's understand the certain situations around the globe which are concerned with trade especially.

a) The 9-dash line in The South China Sea:

China stakes claim to most of the U-shaped ‘nine-dash line’ that includes as much as 90 per cent of the South China Sea Waters. The Chinese claim this territory to be their natural blue soil territory. The nine-dash line



was originally an 11-dash line, and Chinese geographer Yang Huai ren helped etch it. People's Republic of China and Taiwan both lay control over this territory. The nine-dash line was originally an 11-dash line. Geographer Yang Huai ren was the architect behind this geographical thesis. With China laying their stake over the South China sea, the USA stands in unrest.

Effects of Trade Wars on Global Economic Stability:

a) Third Party Loss: In 1930, the United States enacted the Smoot- Hawley Tariff Act, raising tariffs to protect American farmers from European agricultural products. This act increased the already hefty import duties to almost 40%. In response, several nations retaliated against the United States by imposing their own higher tariffs, and global trade declined worldwide. As America entered the Great Depression, aided greatly by disastrous trade policies, President Roosevelt began to pass several acts to reduce trade barriers, including the Reciprocal Trade Agreements Act.

Beginning in January 2018, former President Trump imposed a series of tariffs on everything from steel and aluminium to solar panels and washing machines. These duties impacted goods from the European Union (EU) and Canada, as well as China and Mexico. Canada retaliated by imposing a series of temporary duties on American steel and other products. The EU also imposed tariffs on American agricultural imports and other products, including Harley Davidson motorcycles.

b) Impact on Domestic Economy:

In the absence of foreign competition, the local customers are left with fewer options. They now have only domestic manufacturers and might have to compromise on quality. Additionally, despite the dip in quality, prices can rise as the domestic sellers now have a monopoly. It may result in jobs loss and affect the economy. Inflation is another effect on Domestic Economy. Naturally, as the price rise of the Domestic goods take place, the impact on the prices increases, eventually leading to Inflation.

c) Effect on Global Economy:

War between two nations hinders the economic growth of the affected countries as well. Raw materials are not always available locally. During the war, raw material becomes expensive or inaccessible; this is what causes an economic downturn. In a trade war between two countries, the supporting nations which are also the part of their individual

blocs/allies of a nation may also restrict imports from the common enemy. This can seriously impact the global economy. In a scenario where the economic superpowers are in a tussle with each other, the stock market over the world would surely take a hit. As per the effect on Domestic Consumption, the global inflation takes place in varying direct proportion to the global problem



3.2 Examples of Multilateral Trade War:

(a) USA-China Trade War:

The then President of the United States of America threatened to pull the United States out of the World Trade Organization, an impartial, international entity that regulates and arbitrates trade among the 164 countries that belong to it. In early 2018, President Trump stepped up his efforts, particularly against China, threatening a substantial fine over alleged intellectual property (IP) theft and significant tariffs. The Chinese retaliated with a 25% tax on over 100 U.S. products.

Throughout 2018, the two nations continued to threaten each other, releasing lists of proposed tariffs on various goods. Although China responded with tariffs of its own, the American duties did have an impact on the Chinese economy, hurting manufacturers and causing a slowdown. In December, each nation agreed to halt imposing any new taxes. The tariff war cease-fire continued into 2019. In the spring, China and the United States seemed on the verge of a trade agreement.

At the beginning of May, Chinese officials took a new hard line in negotiations, refusing to make changes in their company-subsidizing laws and insisting on the lifting of the current tariffs. Angered by this apparent backtracking, the President doubled down, announcing on May 5, 2019, that he was going to increase tariffs, as of May 10, from 10% to 25% on \$200 billion worth of Chinese imports. He may have felt emboldened by the fact that the U.S. trade deficit with China had fallen to its lowest level since 2014. China halted all imports of farm products by state-owned firms in retaliation. The Asian nation's central bank also weakened the yuan above the seven per dollar reference rate for the first time in over a decade, leading to concerns about a currency war. Perhaps realizing that this was mutually destructive, The United States and China agreed to a trade deal that was signed on Jan. 15, 2020, but the subsequent COVID-19 pandemic threatened a further escalation of trade tensions between the two nations.

(b) The Japan-South Korea War:

Last month, Japan announced it would tighten control over three chemicals fluorinated polyamides, photoresists, and hydrogen fluoride- that are crucial to producing semiconductors in Korea. Japan claimed it was setting such restrictions because it believed South Korea was leaking sensitive information to North Korea, although they did not provide details. After South Korea vehemently denied the accusations, Japan slapped down another trade restriction: removing South Korea from its White List an index of trusted trade partners. This would lead to even more delays in exports of items like auto parts and household electronics to South Korea. The South Korean government is looking into removing Japan's preferred trade partner status and potentially creating a new low-tier category just to isolate the country from future benefits. Bitterness was reflected in South Korean President Moon-Jae-In's speech during an emergency cabinet meeting August 2 when addressing the trade restrictions: "We will never again lose to Japan."

4. Solutions



4.1 Negotiations through panels & global organisations

Through the 1990s, as cross-border commerce and investment grew quickly, individual states and public and private investors looked for mechanisms to settle disputes or address claimed violations of trade agreements. Depending on the nature of the disagreement and the parties involved, the global trade system has evolved a number of procedures throughout time to accomplish this.

These supranational organisations are given jurisdiction by bilateral investment treaties, free trade agreements, and participation in international organisations like the WTO. Despite differences in enforcement procedures and appeals procedures, parties agree to accept decisions. These organisations primarily deal with two sorts of conflicts: investor-state and state-state, in which private investors lodge grievances against governments and in which governments contest the trade policies of other states. The WTO system, which is the main organisation regulating global commerce, resolves the majority of disputes between states. Each of its 164 members has endorsed a set of trade-related regulations, including caps on tariffs and restrictions on subsidies. If a member thinks another member is breaking these regulations, that member may file a complaint with the WTO. For instance, the United States has frequently filed WTO complaints against China for its support of numerous export-related businesses, including one in early 2017 accusing Beijing of unlawfully subsidising the aluminium industry. The Trump administration has responded in response by unilaterally placing targeted tariffs on select specific Chinese aluminium manufacturers as well as broad duties on all steel and aluminium imports to the United States in order to guard against Chinese overproduction, even though that issue has not yet been resolved. Let's talk about the Investor-State conflicts. Investor-state dispute settlement (ISDS) cases are those in which foreign companies assert that the host government has mistreated them by taking their property, treating them unjustly, or in some other way. For instance, a Canadian gold mining business alleged that Venezuela's 2011 nationalisation of the gold sector was against a bilateral investment pact. A court determined that although Venezuela had the legal authority to nationalise businesses in the private sector, it did not adequately compensate the expropriated corporation for its losses.

Separate state-state arbitration processes have also been produced under individual trade agreements. This applied to the predecessor of NAFTA, the Canada-U.S. Free Trade Agreement (CUSFTA). The original NAFTA's Chapter 19 (CUSFTA) permits one government to dispute the trade policy of another through an impartial, binational tribunal, circumventing domestic legal systems. Chapter 19 of the NAFTA was divisive. A lengthy history of discriminatory U.S. trade policy led Canada to insist on being included in CUSFTA. Ottawa has consulted the independent panels of the chapter on several issues, many of which involved American taxes on Canadian timber. Chapter 19 boosted the likelihood that any trade barriers would be lifted by the panels, according to several trade experts, which they claim decreased trade disputes between NAFTA nations. Experts cautioned that while the Trump administration sought to eliminate Chapter 19 from the new USMCA, doing so may have resulted in higher tariffs, particularly from a U.S. government that has been willing to



impose them, as well as a rise in retaliatory trade measures from Canada and Mexico. In the end, the agreement preserved the Chapter 19 mechanism; nevertheless, it still needs parliamentary approval to go into action.

4.2 Alternate Dispute Resolution Mechanisms

International arbitration is a non-judicial dispute resolution mechanism that provides a final and binding outcome. There are various definitions of arbitration depending on the context being used. The American Bar Association defines arbitration as private process where disputing parties agree that one or several individuals can make a decision about a dispute after receiving evidence and hearing arguments. According to the American Arbitration Association, arbitration is the out of court resolution of a

dispute between parties to a contract, which is decided by an impartial third-party known as the arbitrator. One of the salient features of arbitration is that it is private in nature. Globalisation and international commerce have increased the complexity of cross-border corporate relationships. In the course of business, some of these connections may fall apart, necessitating the need to identify an acceptable method of resolving any potential conflicts. The most preferable method for settling this sort of conflict will be international arbitration. Construction, insurance, transportation, and the sale of commodities are among businesses where international arbitration is frequently utilized to settle disputes. There may be a distinction between local and foreign arbitration in some nations. These differences are made based on a variety of factors, including the nationality of the parties, the nature of the dispute, and the applicable laws and regulations. The arbitration panel, which may consist of one arbitrator or three arbitrators, is often responsible for conducting the arbitration. The tribunal is similar to a judge in court and is typically chosen by the parties to the dispute. In this way, the arbitration tribunal is somewhat under the authority of the parties.

Because the arbitration procedure is consensual, the disputing parties willingly submit to the arbitration tribunal. Only when all of the parties to the dispute have consented to submit it to arbitration if the arbitrators have jurisdiction. By way of an arbitration agreement, the parties to a contract agree to subject any disputes to arbitration. The arbitration agreement may be in the form of a distinct or independent agreement, or it may take the shape of an arbitration provision in the primary contract. The arbitration procedure offers a number of options for customization by the parties. Unlike litigation, where conflicts are decided by state-employed judges, arbitration allows parties to select their arbitrator or tribunal. This is significant since certain conflicts are complicated and need for specialized knowledge to settle. Therefore, the parties may choose arbitrators who are authorities in the field pertinent to their dispute. A neutral institution can be chosen as an alternative by the parties, particularly in cases where technical knowledge is necessary. Second, in arbitration, the parties are allowed to select additional factors such as the arbitration language, the venue, and the applicable legislation to be applied.

The different rules of ADRs are: LCIA, ICC, ICDR, ICSID and WIPO.



4.3 Reducing threats to International Trade

Not everyone in each participating country benefits from international commerce, despite the fact that these countries are often better off than they would be without it. However, the institutions of multilateral trade are not the only ones being attacked. Six

reasons are raised against global trade: ecology, competitive fairness, morality, equality, national security, and geopolitical imbalance. The first danger is that trading with a nation that has less stringent environmental regulations may have an adverse ecological impact. An increase in production and commerce in any nation that does not cut emissions might exacerbate global warming given the need to reduce greenhouse gas emissions globally. Global environmental issues have the potential to make commerce a second or first order concern, as opposed to local environmental issues, where the relationship to trade is third order. If carbon-neutral local manufacturing is replaced by imported goods whose manufacture and/or exports emit significantly more CO₂, trade becomes hard to ignore. Additionally, a "leakage" of emissions is claimed to occur when industry moves from a nation with severe climate legislation to one with liberal climate controls. International commerce may have a direct impact on other environmental objectives, particularly those relating to biodiversity.

The second issue is the potential to call into question how competitively fair trade deals between nations with various economic and regulatory systems are. Such protectionist "level playing field" justifications date back centuries in various forms. The argument that has gained the most traction in recent years is that nations that embrace free markets cannot effectively compete with nations that adhere to nationalistic policies of state ownership, state control, state subsidies, and state planning. Or, to put it another way, the story is that non-market economies have a built-in edge over market economies. Such tales present "market economy status" as an encumbrance without any evident discomfort.

The third danger is that it will be questioned whether trading across nations with disparate legal systems are morally permissible. The residents of other nations may believe that trade and economic cooperation abuses foreign workers and citizens when governments reject democracy, restrict fundamental political rights, forbid labour unions, or participate in corruption. Although such outwardly-focused moral consumerism has existed for ages, it is currently more prominent due to increased worldwide connection and prosperity. This discontent with what is happening in other nations leads to sympathetic discontent at home, which is mediated by local politicians who try to restrict trade for ethical grounds. The fourth challenge is to call into question the fairness of global commerce, both inside and/or between national economies. As was said before, trading benefits the participants while hurting certain onlookers. Such distributional effects on individuals can add up to negative effects on certain groups, such as local communities, business sectors, groups of employees by education, and groups of workers by race or sex. The social costs of trade may appear significant in comparison



to the social benefits when such impacts are portrayed as a "injustice" brought about by trade.

Questioning the effects of trade on national security is the fifth danger. This patriotic argument has a long history, dating back decades and perhaps centuries, like many other reasons against commerce. By definition, transborder trade includes dependency between nations, and one may argue that this connection contributes to national insecurity. In practice, a strategy of import substitution or economic isolation virtually ever results in increased security. In general, interdependence among nations does not jeopardize national security. The opposite claim that a free flow of imports undermines an importing nation's security rather than strengthening it is even less convincing. Border controls would obviously be justifiable if the imported commodity, service, or technology were detrimental in and of itself, such as imported weapons or imported designs for biological weapons. However, if the goal of the import restriction is only to preserve the competitiveness of a certain domestic industry, then any such restriction is nothing more than protectionism dressed up as a "national security strategy."

The sixth danger is the imbalance in geopolitics brought on by commerce. The security danger is based on specific products, services, or technology, but this assertion is not. The argument is that because commerce makes nations stronger, the most prosperous nations that participate in the global economy may become disproportionately powerful in comparison to other nations. Similar to how certain corporations may get excessively large and strong inside a national economy, certain nations can become so large that they have an excessive amount of influence over the global economy. Additionally, there may be reasons to "decouple" from or create a "silicon curtain" against a great power if it may be alleged to have predatory intent. We are left with just the traditional architecture seeking mutual security through a multipolar "balance of power" in the absence of any legal means to "break up" strong national economies enjoying excessive strength.

5. The Way Forward & Conclusion

There are major political obstacles for international trade. In our Covid-shell-shocked global economy, the WTO has been shaken by these developments and cannot simply pick itself up and dust itself off. Despite the WTO's shortcomings (and maybe as a result of those shortcomings), regional trade discussions are nevertheless flourishing. There is unanimity over the necessity for "WTO reform," but there is disagreement over the specifics of such change. The WTO's main failing, in my opinion, is that it is too mild on national sovereignty rather than being too harsh. Stronger regulations under WTO legislation are required for both market and nonmarket economies.

Each of these dangers, which infiltrate domestic policy space, may be thought through with the aid of a more open discourse inside the WTO (and the OECD). As the number

of disputes and appeals, as well as the complexity of cases, have risen over the past few decades, the WTO has been discussing process reform. The pool of specialists on



panels might be increased, paperwork could be digitised, and other initiatives to improve operations are proposed as reforms. Though the United States and others would probably be against the idea, some have recommended the WTO's dispute body make judgments based on a majority vote rather than consensus, as it now does. Currently, one member has the power to stall proceedings. Governments all around the globe are currently experimenting with other methods of investor protection as a result of the public uproar surrounding ISDS. One possibility is to completely exclude ISDS from some accords, as several nations have done, requiring firms to first file claims through their own countries' legal systems and then, if those efforts are unsuccessful, allowing for state-state dispute resolution. The USMCA offers a simplified model: jurisdiction will be restricted to more specific situations, investors must first exhaust all local courts, and all hearings and records will be made available to the public. A further option is that the EU is creating an investment court that will function more like the WTO tribunal system, with a permanent roster of judges, stringent conflict-of-interest guidelines, open hearings, and an appeals procedure. A variation of This was incorporated into the 2016 trade deal between the EU and Canada. Within nations, inequality can rise. stronger prices result from stronger trade barriers, which means lower real earnings. Spatial inequality may have increased as a result of globalisation, but protectionism is not the solution and is likely to worsen the issue. Increased global inequality runs the danger of happening across nations. Increased commerce between high-income economies that are "friends" may be brought on by geoeconomic fragmentation. Raising entrance barriers for extremely poor nations that find it difficult to achieve these requirements would result from a greater emphasis on environmental and labour norms in trade agreements. There is no obvious route for poverty reduction and growth in such economies without access to profitable international markets. But the peace itself could be at the greatest peril. Hot wars have frequently followed cold conflicts. commerce inside empires or unofficial zones of influence saw a remarkable transition during the interwar years of the 1930s away from multilateral commerce. According to historians, this change heightened international tensions before World War II. We can only hope that this pre-belligerence phase won't repeat itself in the years to come.

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