



Post Globalization US Practices in International Trade

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Abstract

The United States have adopted competitive and even conflictive trade policies to redefine and rewrite the global political economy in the post globalization era. The prime movers of removing trade barriers and expanding trade concession, have adopted a restrictive theory of trade after terrorist attacks of 9/11, with a gradual shift from an easy international trade environment to a selective preferential trade relations with like- minded countries. New measures and technologies were developed to track movement of different goods. Logistics and international shipping industries were negatively affected due to national restrictive policies. The international financial crisis and Covid-19 were additional factors to push developed countries to adopt protective trade policies to neutralize the negative impact of the crisis in the absence of financial resources. Former trade partners were considered competitors and those with different trade theories or interests became adversaries. US trade disputes and conflicts surged in XXI century and international dispute settlement mechanisms were challenged by US foreign policy to obtain concessions. This article is meant to respond to the question that “What is the US practice in international trade in the post-globalization era and what would be the implications for the developing countries and global business environment”? The hypothesis is that “US trade policy and practice in the twenty first century has been affected by global geopolitics and geo- economics, where emerging poles of power are meticulously considered and long-term strategies are adopted. In this context; trade disputes, wars and sanction diplomacy might happen either for trade inequality concerns, optimal tariff theory, or politically painted economic objectives”. A qualitative analytical methodology is used to study roots and causes of re-globalization wars and to analyze consequences of antagonistic approaches for the multilateral trading system. A new liberal theoretical framework is used to analyze post- globalizations US trade practices.

Keywords: International Trade, Post- Globalization, Trade Conflicts, US

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Introduction

In the post globalization era, the international trade is experiencing the reverse side of the advocated slogan of liberalization and free trade in more than half a century. The prime movers of removing trade barriers, have adopted competitive and even conflictive trade policies during twenty first century to redefine and rewrite the global political economy. GATT and WTO were tasked to advocate for the new liberal theory of trade, encouraging free movement of goods, services and investments. However, this trend was impacted by the twin towers terrorist attacks of 9/11, creating a security atmosphere in international trade. New measures and new technologies were developed to track the movement of different goods. Logistics and international shipping industries were negatively affected due to national restrictive policies. The international financial crisis and Covid-19 were additional factors to push developed countries to adopt protective trade policies to neutralize the negative impact of the crisis in the absence of financial resources.

This article is meant to respond to the question that “What is the US practice in international trade in the post-globalization era and what would be the implications for the developing countries and global business environment”? The hypothesis is that “US trade policy and practice in the twenty first century has been affected by global geopolitics and geo- economics, where emerging poles of power are meticulously considered and long-term strategies are adopted. In this context; trade disputes, wars and sanction diplomacy might happen either

for trade inequality concerns, optimal tariff theory, or politically painted economic objectives”. A qualitative analytical methodology is used to study roots and causes of re-globalization wars and to analyze consequences of antagonistic approaches for the multilateral trading system. A new liberal theoretical framework is used to analyze post- globalizations US trade practices.

1- Literature Review

For contemporary research, the Nash equilibrium defines the trade war within game theory, which attempts to determine the actions that participants of a game should take to secure the best outcomes for themselves. An individual can receive no incremental benefit from changing actions, assuming other players remain constant in their strategies. (Nash, 1950; 1). Torrens and Mill recognized that an appropriately chosen tariff could raise national income but were primarily interested in arguing that to use the tariff for such a purpose was immoral. (Becker et al, 2020; 14)

Until recently, the theory proposed by Bagwell and Staiger (1999) was the primary lens through which economists viewed these issues. More recently Ossa (2011) offered a new theory of trade negotiations and the framework that guides them, in 2014 takes it to the data, calculating optimal tariffs and in 2016 incorporates an additional theory to provide a useful review of both the theoretical and quantitative literatures. Perroni and Whalley (2000) calculate Nash tariffs in a seven-region global economy, and consider the benefits of bilateral trade

agreements as constraints on possible trade wars. Balistreri and Rutherford (2013), aggregate the world economy into 7 regions and into 8 sectors under WTO disciplines.

2-Conceptual framework

When the policy of one country affects the policy choices of its trade partners and their welfare, a conflict of interest emerges, pushing the offended country to take protective measures. Interactive trade theory has evolved in four periods of mercantilist, classical, modern and contemporary era. In Mercantilist Theory wealth is an essential mean to power, whether for security or for aggression. Power is essential or valuable to the acquisition or retention of wealth; wealth and power are each proper ultimate ends of national policy and there is a long-run harmony between these ends. In a mercantilist state, the terms-of-trade will be a secondary consideration—as will the trade volume. Instead, trade surpluses, revenue and the effect of policy on the relative power of the state, will be key (Weingast, 2017, 19).

Early classical economists like Adam Smith were worried with liberal trading relations, particularly to deny the core arguments of the Mercantilists with the wealth of the nation and not the wealth of the state. Recognizing that an appropriately chosen tariff could raise national income, they argued that to use the tariff for such a purpose was immoral. (Depoorter, 2015; 232)

The “modern” era of interactive trade theory sees the development of the “new welfare economics” in Johnson study of trade wars

and optimal tariff. However, despite the optimal tariff argument's centrality in debates over trade policy, there exists no evidence on its application when setting tariffs. Countries that are not members of the World Trade Organization systematically set higher tariffs on imported goods. Moreover, countries with higher aggregate market power have on average higher tariffs (Brodaetal, 2006; 311).

The “contemporary” period begins with the boom in game theoretic research in the 1980s. The John Forbes Nash equilibrium defines the trade war and emphasizing the globally low tariffs after GATT/WTO negotiations. There is a unique equilibrium illustrated in policy space which could be seen as a prisoners’ dilemma, taking the trade war inefficient relative to free trade. The modern theory of trade wars sees it as a process and the Nash equilibrium as its endpoint. Perhaps not surprisingly, given the historically low levels of trade protection, the great majority of modern game theoretic research on trade wars is about how cooperation can be sustained—i.e. *trade peace*. Some of this work follows the game theoretic literature, while a very large literature seeks to incorporate the role of institutions, especially the WTO, in sustaining cooperation.

3-Conflictive trade interests and approaches

The history of trade conflicts dates back to the ancient empires when both war and trade were employed for territorial expansion and wealth creation in Peloponnesian wars. The conquer of Yemen by Persians, the “Anglo-

Dutch wars” and the “Opium Wars” were examples of conflictive approaches amongst different countries in the ancient, middle age and modern history.

In the twentieth century United States have been involved in the majority of global trade conflicts. The “Smoot-Hawley Tariff Act” to protect the US farm sector in 1933; the “chicken war” in early 1960s between France, Germany and United States; the “Pasta War” between the Regan administration and Europe in 1985; the 1993 “Banana War” between EU and US, the “beef wars” amongst UK–EU, US–EU and US–Canada–EU; the 2017 EU–US “GMO Trade War”; the Russia–Belarusian “milk war” in 1999; and finally the “Softwood lumber dispute”, between Canada and United States is a clear evidence that most trade disputes have occurred between developed countries and that the United States have been an active part of the international trade conflicts in the past 80 years, enjoying the ability of benefiting from an aggressive and antagonistic trade policy.

3-1- Trade interactions, disputes and wars

United States initiated a tariff crusade against China and other global trading heavyweights with a shortsighted analysis on the effects of a potential trade war, targeting policy choices, functionality and competitiveness of Chinese value chains in the global trading system. He promised to apply tariffs on a number of trade partners who had manipulated their way into stealing American jobs and contributing to their malaise. US decision to impose higher tariffs on aluminum and steel from the main American

trade partners was a Mercantilist approach to achieve trade surpluses, revenue and relative power of the state, to push them, including China and India, to retaliate against the action, this culminated a trade war in 2018, although retaliatory measures against the US have been fairly limited in sectors like autos, commodities and financials.

President Trump alluded to “Unfair trade practices” of some countries, in particular China; related to technology, intellectual property and innovation; imposing higher tariffs on Chinese products, pushing Beijing to unveil tariffs on American steel and aluminum. US also penalized ZTE and Huawei, the two Chinese tech giants for breaching American sanctions against Iran and North Korea”. The key lesson from this period is that trade wars are difficult to win, and it takes an inordinate amount of time to reverse their pernicious effects”.

As of 31 Jul 2018, US enacted 25% on \$34 billion worth of Chinese goods; 20% on washing machines, 30% on solar energy modules, 25% on steel and 10% on aluminum. US also threatened to charge 25% on another \$16 billion worth of Chinese goods, 20% on all imported cars, trucks and 25% on auto parts (Abad, 2019, 2). China had more attractive retaliatory tools at its disposal and announced a specific list of goods subject to counter-tariffs, choosing goods of political importance (e.g., agricultural exports) and calibrating the amount to be exactly equal to the number of US tariffs that these counter-tariffs are responding to. To strengthen the above measure, China threatened to use USTs acquired during the international financial crisis. China accumulated US dollar

assets during the 2000s to prevent its currency from appreciating too quickly and to continue benefiting from its access to American market.

After long, complicated and complex negotiations, the first Phase of trade deal between the United States and China was signed on 15 January 2020 and was supposed to enter into force on Valentine's Day, on Friday, 14 February 2020. The deal was a result of US exercise of political power and unilateral WTO inconsistent tariffs in order to extract trade concessions. Nevertheless, the WTO was unhelpful in addressing the US economic aggression against China. This failure to protect a member from illegitimate unilateral measures is, perhaps, one of the most significant manifestations of the often-mentioned 'crisis' of the WTO, and actually is one of the subjects on which the proposed 'reform' of the organization should focus (Lundberg, 2020)

After the international financial crisis, China occupied an important position in the composition of the merchandise trade deficit, peaking at nearly half in 2015, but its contribution declined sharply after 2018, to around one-third in 2020. Concerns of US trade policy with regard to China have been not just the overall imports from China, but the growing significance of high-technology imports. China succeeded in diversifying and upgrading its own export basket significantly in the past two decades, through an active policy emphasis on domestic technology development, aided by rules that required foreign investors to set up joint ventures with Chinese counterparts, in which the technology would be shared. This was done

voluntarily and even willingly by US multinational companies anxious to enter the fastest growing market in the world and also to use China as a base for further exports. Yet it is this strategy which is now being seen as having created a threat for the US in the form of rapid technological advancement in China.

Interestingly, during the pandemic, US reliance on Chinese imports appears to have grown rather than declined. Imports into the US from China in the first half of 2021 were on average 46 per cent higher than in the first half of 2020. The supply chain issues because of the pandemic that affected Wuhan and other provinces of China in the early months of 2020 were obviously addressed relatively quickly, to enable renewed production and exports to the rest of the world at a time when other countries still faced renewed waves of the pandemic that affected economic activity and production in particular. (Chandrasekhar & Ghosh, 2021; 6)

This explains the recent moves to restrict China's access to semiconductor chips that are essential for new 5G-enabled smart phones, an area in which China's ability to develop its own domestic suppliers has been limited. Currently, China imports around \$300 billion worth of chips in a year, of which more than half is then re-exported in finished electronic products. The most advanced Chinese company making these chips, Semiconductor Manufacturing International Corporation (SMIC) uses imported technology and inputs to make the chips. But now all US equipment suppliers need to apply for a license from the US government before they can sell to SMIC, effectively putting a brake on such sales, and

substantially hampering its production. Similarly, fines and sanctions have been imposed on the giant Chinese telecoms giant ZTE, ostensibly for covering up its role in selling US technology to Iran. The problems and sanctions faced by Huawei, for alleged espionage and ties to the “techno-authoritarianism” of the Chinese state, are other reasons of US’s position.

In NAFTA (USMCA after new deal), the US administration had focused on trade deficit reduction as the key objective of any renegotiation. Responding to American decision, Canada imposed tariffs on approximately \$13 billion of US goods in response to the steel and aluminum tariffs. The 35% and 20% of U.S. tariff on Mexican imports suggested by Trump caused optimal Mexican responses consistent with its World Trade Organization disciplines. The U.S. had the intention to relocate manufacturing activity from Mexico to the U.S, to make Mexico suffer substantial damages from U.S. tariffs, even under a policy of optimal retaliation. In certain moment, US also threatened to apply an incremental 5% monthly increase in tariffs linked to illegal immigration of people from Central America, no logical linkage with the trade war. Mexico’s smaller size and heavy dependence on the U.S. market indicates substantially lower tariffs in the Nash equilibrium. After several rounds of negotiations US was finally able to convince its partners to commit themselves to a new deal called USMCA, which could be considered as the only Trump trade policy achievement.

The European case was rather different and Brussels’ approach was conciliatory at the

beginning and antagonistic the end. The Trump Administration initially threatened to apply a 25% tariff on auto imports, prompting the EU to respond that it would impose a reciprocal tariff targeting states sensitive to President Trump’s political base. In the US, there are 14 domestic and international auto manufacturers which support more than seven million workers, invest more than \$20 billion in research and development, and contribute approximately \$200 billion in federal and state taxes.

1- Sanction diplomacy

The tariff is a tax on imported goods from other country which raises its price and thus diminishes its attraction. A quota is a limit placed on the quantity of a specific good allowed into the country. An embargo is a prohibition of importing some goods and services into a country. Trade embargo is a tool against a country or specific economic sector to not only compel a change of behavior in certain areas, but to delegitimize its government in a way its people or international public opinion tend to support the change of mentioned government. Despite its name, trade embargos are not frequently employed for pure trade objectives, but mainly for political reasons. Sanctions are policies adopted by foreign countries to affect the planning and implementation of economic activities, with the objective of diminishing a government capability to render efficient services to its citizens, continue benefiting from international linkages and comply with international obligations. Sanctions can be applied both broadly, on specific industries or countries, and selectively, on individuals. As

such, sanctions have become a common tool in foreign relations, peacekeeping and conflict resolution, despite the big question mark on its legality. The international trade law, crystallized the WTO agreements, establishes the free trade is the pin point of development and governments should lift up all restrictions on the movement of goods, services, capital and persons. Unilateral and multilateral sanctions are legally a violation of free trade, with human right and even humanitarian grave implications in targeted societies. Although trade embargos and sanctions have been used during history, but reference needs to be made to the famous endorsement of “peaceful sanctions” of Henry La Fontaine, the Belgian lawyer and Nobel Laureate, at the end of 19th century.

U.S. trade sanctions against Japan contributed to Tokyo’s decision to enter World War II.

The use of international sanctions became more frequent in 1980s with a severe economic sanction against South African apartheid regime, placing an unprecedented pressure by governments and civil societies on Pretoria, resulting in real changes and ending by the establishment of democracy.

The invasion of Kuwait by Iraq in 1990 and the “comprehensive sanctions” against Baghdad, financial sanctions on members of Haiti’s military junta for human rights violations in 1994, international embargo of financial assets of terrorist groups after 9/11 attacks, targeted sanctions against Ghadhafi government in 2004 and 2011 and nuclear sanctions against Iran 2005-15 show that there has been an increasing tendency of using sanctions to target governments and authorities of certain countries to avoid right

abuses, violence and war; ending precisely the opposite (Friedman, 2018; 5). Most recently, US- EU sanctions have established financial restrictions, and export controls on key sectors of the Russian economy such as banking (229), energy (8), technology (32), defense and transportation (480), and personal sanctions on Russian elites and oligarchs (663). In total, President Biden’s administration has imposed seven waves with more than 1,500 discrete sanctioning actions on over 800 targets related to Russia’s invasion of Ukraine, leading to the departure of more than 1000 foreign companies from Russia (Kilcreas & Bartlet, 2022, 1)

Multilateral sanctions apart, US addiction to sanction diplomacy contains a list of 33 countries, from its archrivals China and Russia; its NATO ally Turkey; advanced city-state Hong Kong; oil exporting countries Iran, Libya and Venezuela; and least developed countries Myanmar, Yemen and Burundi. US has established a nuclear, human rights and economic sanctions against North Korea; commercial, economic, and financial embargo against Cuba; economic, trade, scientific, and military sanctions against Iran; financial and economic sanctions and military cooperation against Russia for Crimea invasion; financial and economic sanctions and an embargo on Sudan; restrictions on the export or re-export of most U.S. products to Syria, and finally a total embargo on Venezuela to change its government.(worldpopulationreview, 2021).

US sanction diplomacy has become a prominent tool in American foreign policy to deprive targeted countries from their access to market access, financial resources and global value chains. The US administration also pressure allies to follow suite in their foreign policy and show solidarity with smart sanctions, although they have proven to be not so smart, because of making so far, more harm and prejudice to the normal people of targeted countries, rather than their leaders. Following its withdrawal from the Joint Comprehensive Plan of Action, the USA re-imposed unilateral sanctions regime, containing extra-territorial aspects which prohibit non-US nationals and non-US companies from trading with and investing in Iran. Thereby they also interfere with the sovereign foreign policy choices of states and international organizations such as the European Union (EU) who support legitimate trade with Iran. Equally problematic are the extra-territorial sanctions contained in the US sanctions regime against Cuba. The lawfulness of unilateral extra-territorial sanctions is evident under international law in light of the customary law on jurisdiction, the law on sanctions as well as the principle of non-intervention. “Unilateral extra-territorial sanctions may amount to an abuse of rights in case they are functionally connected to primary sanctions that violate *jus cogens* norms or that undermine the UN Charter system, irrespective of the strength of the exercised economic pressure” (Schmid, 2022, 55).

The lawfulness of sanctions ultimately requires a case-by-case assessment. First, they may at times amount to unfriendly retorsion that by and large remains below the

radar of international law. For instance, the precise extent to which the non-intervention principle or the international law of jurisdiction limits the permissible scope for such sanctions remains unclear. Second, in the alternative, sanctions can be lawful because they are undertaken pursuant to a binding Chapter VII resolution of the UN Security Council, or because they find their legal basis in some especially regime or are otherwise consented to by the targeted State. An important grey area is the legality under general international law of third-party countermeasures undertaken to protect community interests. In light of the multitude of variables involved, it is uncertain whether State practice can be expected to provide clarity in the near future. The international legal framework governing the recourse to sanctions will nonetheless remain fundamentally incomplete as long as no greater clarity is shed on this outstanding issue, leaving the recourse to economic sanctions at least partly to the mercy of political considerations and power games” (Ruys, 2016, 25)

2- World Trade Organization and Disputes Settlement Mechanism

The WTO is the fruit of half a century of multilateral trade liberalization. It should be beard in mind that the WTO’s success does not only depend on how well it promotes trade talks but also on how well it prevents trade wars. And its track record seems much better in this regard. A casual look at the data already suggests that the WTO’s success at preventing trade wars is likely to far

outweigh its failure to promote trade talks. Before GATT, the average tariff applied during the trade war of the 1930s was around 50% (Bagwell and Staiger 2002), the average tariff applied by WTO members today is only around 5%, indicating that global trade policy cooperation has already achieved its main goal. Although the WTO is still considered by some as a “rich men club”, there is a general consent on its relative inclusiveness and universality. Developing countries have been able to increase their share in the global trade and achieve some of their development objectives using trade as an engine. China, India and Brazil have replaced Japan, Canada and Australia in the leadership of the organization. WTO is still far from being a fair organization, nevertheless its legal apparatus Dispute Settlement Body and Appellate Body have played a pivotal role in the fairness and inclusiveness of the Organization.

Developing countries were much hopeful that with Doha Development Agenda the organization will be even better positioned to serve their trade and development interests, but the conditionality imposed on the implementation of the agreement gave the impression of a change of mind and attitude in developed countries towards the multilateral trading system they had cemented during 70 years. Bilateral and plurilateral agreements gradually replaced consensus decisions of all members. Nomination of DSB and Appellate Body judges were blocked by American administration claiming they have gone beyond their responsibilities. WTO-plus agreement was signed between US and trade partners, invalidating practically their

commitments in WTO context. Protectionist policies started to be adopted by US after the election of Donald Trump in favor of large traditional corporation in the energy, auto and defense industries, supported and followed by some East European and Latin American governments. Trade disputes were substituted by trade wars, causing great uncertainty and doubts in the multilateral trading system. Although the majority of WTO members are satisfied and defending the functioning of DSB and Appellate Body, United States criticizes the body approach and litigations for taking decisions beyond its mandate and jurisprudence.

The main challenge on the way is a shift of gear in US trade diplomacy. In comparison with the past century when the US was the prime mover of multilateralism, after 9/11 attacks United States have taken a new approach on its trade interest, substituting cooperation-competition pattern with rivalry-war style. Nixon ping pong diplomacy opened the door to American corporations to enter the huge Chinese market, make big investments, benefit low labor cost and have a better market access to East Asian countries. After Chinese membership in the World Trade Organization and their aggressive trade policy, US realized they had sub-estimated Chinese potential and started to find means and mechanisms of maintaining their superiority in the world economy, something badly affected because of 2008 international financial crisis. Chinese double digit annual economic growth and American infrastructure weaknesses sound the alarm for Washington. The need to contain China was raised seriously, but calmly, during Obama presidency, continued

as an open trade war with Trump administration, and Biden is now following a less spoken more practiced multi-dimensional conflict between the two superpowers.

Efficient trade talks and fully escalated trade wars could be used to study the effects of moving from applied tariffs, focusing on the six major players in recent trade negotiations (Brazil, China, EU, India, Japan, US) and the rest of the world. “The failure of the WTO to promote trade talks costs up to \$26 billion per year and the success of the WTO at preventing trade wars is worth up to \$340 billion per year. To put these numbers in context, a move to autarky would cost the world \$1.461 trillion per year, so that a trade war would eliminate around 23% of the gains from trade”.

“As a result, it can take a unified view of trade policy according to which governments use tariffs to manipulate their terms-of-trade, shift profits away from other countries, and protect politically influential industries”. (Maggi, 2015; 9)

There has also been a whole American battery of revisionist trade policy measures, with Trump administration withdrawal from international negotiations in the Trans-Pacific Partnership (TPP), Paris Climate Agreement and Iran Nuke Deal (JCPOA). US also decided to leave UN specialized agencies like UNESCO, WHO, UNHRC, UNRWA and UPU; weakening as well the World Trade Organization and NATO. The revision and replacement of the North American Free Trade Agreement (NAFTA), the announcement of establishing special

tariffs on EU auto imports and imported metals from Latin America didn't even leave traditional partners immune.

The election of Biden and his slogan “US is back” created the hope of a reversal foreign and trade policy, shortly confirmed by US re-entry in Paris Climate Agreement, but later gradually faded for the continuation of Trump decisions specially in trade policy and trade related organizations. The trade war has continued and morphed into a technology war. The US has made aggressive moves to restrict China the knowledge and inputs required to produce frontier goods and services, as well as access to markets—most of all affecting semiconductor production and the 5G technology in which the China was becoming a global market leader. The argument for such an aggressive strategy by the US is typically framed in terms of “national security” considerations, but it is clearly about staking a claim to the economic territory of the future, whether in the form of communication technologies or renewable energy solutions. It remains to be seen how this will play out over the next few years.

Biden administration has not yet made any serious gesture regarding TPP; JCPOA continues in limbo because of Washington reluctance on lifting sanctions against Iran; US cooperation with UN agencies still in doubts and questions; WTO crisis in relation with the nomination of judges of the Appellate Body and the implementation of Doha Development Agenda is not yet over and will most probably continue in the near future. WTO is also facing other pending issues like the decision-making process, implementation of previous agreements

particularly Doha Development Agenda, Special and Differential Treatment, and new issues. US tries to establish a linkage between trade wars to larger issues such as technology and national security to question WTO dispute settlement panels litigations. By raising cyber security concerns, Washington launched the idea that the issues are far complex and WTO is not in a position to address the appropriateness of WTO Members' trade measures. (Wolff, 2019; 3)

On the other hand, United States proposal on Build Back Better World (B3W) is a new step to June 2021, the G7 unveiled the Build Back Better World (B3W) initiative, which seeks to leverage the private sector for \$40 trillion in infrastructure investment by 2035 under the initiative's four pillars: (1) healthcare, (2) gender equality and equity, (3) climate and environment, and (4) digital technology. These efforts are also complementary alongside the G7 and G20 notion of "quality infrastructure" first posited in May 2015 by then-Japanese Prime Minister Shinzo Abe, as a multibillion-dollar infrastructure aid package intended to create durable, environmentally sustainable, and disaster-resistant infrastructure around the world. The B3W initiative includes several economic and trade provisions to promote greater connectivity and allow countries to benefit from this investment. At the same time and with the objective of highlighting a multilateral engagement, different UN agencies like UNHCR, the UN Children's Fund, the World Health Organization (WHO), the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO), the International Labor Organization (ILO), and

UN Environment Assembly, among others, have been assigned some role to play. No need to mention that all above efforts could be considered as alternatives to China's Belt and Road Initiative (BRI) for infrastructure development of low- and middle-income countries. It is an "All against China" program through a common approach on trade and human rights; but also, a common approach on the need for a new investigation into the origins of COVID-19. At the same time, it is an "All against the BRI implementation mechanism" —particularly because of a non-transparent procurement system and failure to respect socio-environmental rights—and the uncertainty of its implementation. Indeed, even before the G7 summit, economic trends indicated that China was facing serious doubts and questions about its grants, loans and investments in its BRI partner countries. In addition, some recipient developing governments were also discussing the payback system with natural resources, particularly with oil and gas.

The position of US in the above-mentioned subjects could influence the future course of the international trade and show the commitment of Washington to multilateralism and its will to maintain a strong WTO. An opposite US position will erode its future role in resolving trade disputes and enhance bilateralism and protectionism. The WTO as a supranational institution does not prevent wars, but it does help maintain peace amongst its member states.

Conclusions

The objective of this article was to respond to the question of “What is the US practice in international trade in the post-globalization era and what would be the implications for the developing countries and global business environment”? The research was based on the hypothesis is that “US trade policy and practice in the twenty first century has been affected by global geopolitics and geo-economics, where emerging poles of power are meticulously considered and long-term strategies are adopted. In this context; trade disputes, wars and sanction diplomacy might happen either for trade inequality concerns, optimal tariff theory, or politically painted economic objectives,” but in practice because of a conflict of interest on trade policies and behaviors of two or few world traders. Phenomena like conflicts, rising nationalism and populism; global and national income inequality, turbulence in employment markets due to the introduction of new technologies and pandemics, are not conditions conducive to trade liberalization. United States, the traditional driving force of multilateralism took a new approach under the previous Administration towards the global trade to optimize its share in the world trade, diminish its trade deficit vis-à-vis partners and contain China by any possible mean, including a direct bilateral confrontation, as well as pressure in the World Trade Organization. US did not care to even include its traditional trade partners like EU and Latin America on the list of sanctioned countries and to establish higher tariffs on some of their products. A dramatic change in the global trade picture occurred with the Brexit, affecting European trade

policy. US protectionist policies and measures on optimal tariffs and trade agreements as a piece of foreign policy has contributed to raising global trade imbalances, but it is in fact the direct result of losing comparative advantage. The result of all mentioned conspiracy theories and blame games was the conversion of the most globalized and globalist economy to a protectionist government with a long list of trade remedies, embargos and sanctions against a range of different countries from its closest allies to its traditional rivals. An analysis of the evaluation of US trade wars showed the impact on US welfare was either zero or negative. One may also conclude that an increase of US protection against China, EU and Latin America, followed by a similar retaliation, clearly constituted an overreaction in terms of trade policy, with larger American losses when the US increase in protectionism and trade retaliation is large, compared to moderate increase. Coupled with the Covid 19 negative impact, the global economy is concerned with a slower growth in China, Japan and Europe with a consequent declining effect in the world trade and global GDP. The recent Russian aggression of Ukraine and six waves of US/EU sanctions against more than 1500 Russian citizens and institutions is an indication that United States and European Union have started to lose their comparative advantage in industry and trade. Thus, trade wars and sanctions are meticulously planned and implemented to keep the existing superiority alive, or postpone Western weak positioning. Trade wars against China and other US partners were planned to compensate US huge trade deficit with its

main trade partners. Sanctions against Iran and Venezuela converted United States to the first oil exporting country. It might become the first exporting gas country after sanctions against Russia. Political reasons apart, one may conclude that sanction industry has become now one of the important comparative advantages of the United States.

At the same time there have been some positive developments in regard of international trade. The G20 leaders have endorsed the value of WTO and called for its reform, while the developing members emphasized their commitments to the existing agreements and implementation plans in the context of recent WTO 12th Ministerial Conference in Geneva. The Dispute Settlement Mechanism is being discussed more seriously and closing the gap in differences over the Appellate Body, giving the impression that some light at the end of the tunnel will hopefully be seen. US-China negotiations are being encouraged and members are moving ahead to prepare joint initiatives.

Although the US- China geo-economic rivalry is not going to be settled any time soon, but the cooperation- competition pattern will likely substitute a direct trade war style, since trade war has been accompanied with great costs to the world economy and the United States. The midterm results of the trade war have not met the expectations of US administration, since the \$735 billion merchandise trade deficit of the US in 2016 actually increased to \$911 billion in 2020. The same might happen with sanction and embargo policy against Russia, Iran and thirty other countries sanctioned by US. Therefore, a different type of thinking and approach is

required in the current global conjuncture to resolve the crisis of multilateralism. The US-China Trade Policy Working Group concerned with de-escalating the trade war and against a polarized view of the world saw in 2019 the need for an alternative approach to globalization, based on peaceful coexistence and tolerance for different economic paths and systems. UNCTAD position that the current climate crisis and the need to deliver on the Sustainable Development Goals require “a well-funded, democratic and inclusive public realm at the global as well as the national level”.

The Chinese Belt and Road Initiative, B3W, the QUAD, AUKUS, the Indo-Pacific Alliance and BRICS have begun to provide the world with new insights on the possibilities of a different type of economic engagement, some emphasizing on free trade and others on the need to focus on “development”. They can be taken as competing interregional commercial blocs, one Washington centric and the other Beijing centric. But they could be approached as complementing superregional institutions with different ideologies but similar global objectives on the values and principles that should underpin a new globalization and global governance in the 21st Century similar to the hypothesis of this article that “trade wars might happen either for inequality concerns in trade policy or optimal tariff theory, convincing countries to adopt new positions in spite of their previous agreements and commitments”, but at the end they tend to believe trade policy growth effects, if existing, could come from unconventional channels, since the

distributional effects of trade policy, could swamp concerns about efficiency.

The world can be optimistic about the future of the multilateral trading system to endure

and even strengthened. The question is how to build a secure world and the development of the world's resources for the benefit of all its peoples.

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