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Trade Wars: National Security and WTO

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ABSTRACT

In this article, the researchers try to do in-depth research of what exactly trade wars are and analyses the role played by the World Trade Organization in resolving these matters, also analyses the effect that the trade wars have on the world economy and other aspects related to international trade and international relations between different nations. The article also talks about various ways in which a trade war is fought, how trade is regulated by the World Trade Organization, and Trade Rivalry between countries and why trade wars are fought in the first place. It also discusses the prominent trade wars that have taken place in the temporary world and how the World Trade Organization has taken cognizance of the same. In the end, the article concludes by suggesting the way forward and how such matters should be dealt with more efficiently.

Keywords: Espionage; Free Trade; International Law; National Security; Trade Wars.

I. INTRODUCTION

A Trade War is referred to an economic war or economic phenomena that is fought between two countries on economic levels. A trade war is often a result of a country believing that another country that they have trade relations with or a country they are engaged in trading with are using unfair means and practices in order to let their domestic market have a fairer and better chance in the market and their own products which results in loss of economy for their country which is unfair for their own people who are engaged in the same business². Trade Wars more often than not result in violation of free trade which is what the World Trade Organisation stands for. The term Free Trade, as defined by Britannica, refers to the practice of *laissez-faire*, which is an economic policy which states that a shall not interfere in trade by bringing arbitrary tariffs and subsidies. However, the practice of free trade does not restrict the power of the government to completely regulate trade with other nations or implement taxes on the same³.

Following are the different ways in which Trade Wars are fought:

1. Tariffs:

Tariffs are the high taxes which are imposed on goods or products that are being imported.

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²Trade Wars: Economic Conflicts between Countries through Trade Barriers, Nov. 12, 2019, <https://corporatefinanceinstitute.com/resources/knowledge/economics/trade-wars/>

³ Emily Rodriguez, Free Trade, Dec.22, 2021, <https://www.britannica.com/topic/free-trade>

These high tariffs result in an increase in the price of the imported product which at the same time also creates a lot of revenue for the government. This strategy of the policy makers results in consumers wanting to buy domestic products which are priced at a much lesser and affordable price of the same product. This results in unfair loss caused to traders of the country which exports those products thus costing their own economy. Such trade wars caused due to tariffs are often referred to as 'Custom Wars'.

2. Import Quota:

It is a trade barrier that prescribes a limit on the amount of a particular product that can be imported from another country. This strategy also gives the domestic market an upper hand since they are the ones who satisfy the demand of the customers.

3. Domestic Subsidiaries:

This strategy reduces the price of domestic products in the market to give its own traders a better hand at thriving in the domestic market. Since in a competition between foreign goods and domestic goods, since the domestic, subsidized product is cheaper it will thrive more in the market.

4. Currency Devaluation:

This is a trade war tactic wherein the country devalues its domestic currency against the country they are having trade wars with. By lowering their own exchange rate, domestic exports become much more competitive in other countries.

5. Embargos:

This is a very stringent strategy wherein the government officially bans the import of specific products in the country from specific countries. This leaves the domestic market with no other choice than buying the domestic products.

These are the most widely used trade war tactics used by countries against each other in trade wars⁴.

In order to regulate trade and prevent trade wars from taking place, the World Trade Organisation (WTO) has come up with ways in which it acts like an intermediary between countries in economic conflict. The WTO was established on 1st January 1995 as a global organisation which deals with making rules and regulations about international trade. The main aim and function of the WTO is to ensure free and easy flow of trade between countries of the

⁴ James Chen, Trade War, Feb. 28, 2022, <https://www.investopedia.com/terms/t/trade-war.asp>.

world that are members of the WTO and thus advocating free trade. The WTO also acts as a forum or adjudicating body to negotiate trade agreements between countries. Currently, the WTO oversees trade negotiations between 164 member countries. It is also responsible for monitoring the implementation of trade agreements, investing in academic research pertaining to world trade and its impact on the global economy. And based on its research it comes up with guidelines and rules which better facilitate world trade and be fair on all interested parties. It is also a forum wherein disputes regarding trade are settled through arbitration and negotiations. They also possess adjudicating authority as their decision on matters is final and binding upon all the member States of the World Trade Organisation⁵.

II. NATIONAL SECURITY

According to international law, a nation is entitled to take precautions to reduce the threat when it determines that a foreign country has taken or will take activities against its national security. Export restrictions may be used alone or in conjunction with other diplomatic or political means. It is suggested that since there is no concrete definition of what constitutes national security, national security provisions may be misused. Consequently, it could have negative impacts on trading internationally. In light of these worries, we go over numerous ideas for national defense. When we categorize them precisely, they comprise energy security, protection from economic espionage and terrorist prevention through human security⁶.

Following are the main aspects of National Security:

1. **National security against military threat**: The most well-known definition of national security is that it protects a country against military threat. Despite their ineffectiveness, some trade restrictions have been placed on other nations in an effort to exert pressure on them into modifying their policies in our favor or making political concessions in international affairs. As a result, the US occasionally imposed its own trade restrictions or supported multilateral ones against communist nations. During the Cold War, the military threat was primarily a direct one, but in recent years, the indirect threat has become more significant. The threat to an ally or allies of a country is referred to as an indirect threat. For instance, the US saw Iraq's invasion of Kuwait, a Middle Eastern ally of the US, as a threat to both international peace and its own national security. Then, it played a key role in coordinating international efforts to defeat Iraq militarily while also imposing commercial sanctions on that nation.

⁵ World Trade Organisation, https://www.wto.org/english/thewto_e/thewto_e.htm

⁶ Kiyoun Sohn and Taek Dong Yeo, Does the international trade help to enhance national security? p:1-24

2. **Economic Security**: They consist of food security, energy security, economic espionage protection, and energy security. In order to invoke Section 232 of the Trade Expansion Act of 1962, one of the main international trade regulations relating to national security, the US includes oil imports as one of the conditions. This is because the US recognizes the importance of securing supply of essential energy sources, such as oil. Additionally, exclusions for energy security are allowed by the North American Free Trade Agreement (NAFTA). Since the conclusion of the Cold War, nations have placed a greater emphasis on economic espionage, realizing the importance of intellectual property rights (IPRs) as a source of a country's international competitiveness and later as a necessity for maintaining national security⁷. As a result, they have put in place more thorough mechanisms to thwart attempts at espionage by other nations using sophisticated technologies.

Internet security is yet another aspect of the economy. Many different types of economic operations in the global economy now place an increasing amount of importance on the Internet⁸. Worrying about the potential use of online transactions by terrorist organizations or enemies, some countries intend to impose limitations on the use of Internet technology for international trade or Internet transactions to protect national security. The current debate regarding Internet censorship may lead to implicit national security concerns.

3. **Human security**: Terrorism has become a significant danger to national defense. Consequently, many nations have exerted great effort in the national and multilateral fight against terrorism. These counterterrorism measures, sometimes known as "human security" measures, may be thought to have negative repercussions on global trade.

The APEC has thoroughly studied human security issues and made concrete promises because it recognizes that terrorist attacks pose a clear threat to its objective of expanding prosperity. Although the idea of human security has not yet been agreed upon, the APEC fora use the term to refer to protection against terrorism and contagious illnesses⁹. Some countries step up their enforcement of intellectual property laws alongside their counterterrorism initiatives because specific terrorist organizations are known to produce and distribute counterfeit goods to fund their terrorist activities.

⁷ Whitney, M.E. and J.D. Gaisford, 1999, "Why Spy? An Inquiry into the Rationale for Economic Espionage", *International Economic Journal* 13 (2), pp. 103-123.

⁸ Grizold, Anton. "The Concept of National Security in the Contemporary World" 11, *International Journal on World Peace*, (1994), 37-53.

⁹ <https://www.e-ir.info/2014/07/05/a-critical-evaluation-of-the-concept-of-human-security/>

III. ANALYSIS

(A) Linkage between international trade and national security

There is no denying the connection between international trade and national security. Despite appearing to be at odds, they also support one another. There are two main perspectives on international trade and national security: One perspective stress upon how international trade actually helps strengthen national security while the other speaks of how national security must be an exception to international trade obligations.

National security is improved through foreign trade¹⁰. Regional Trade Agreements (RTAs) can improve national security regardless of whether they are motivated by economic or political purposes since they boost trade between member nations, which in turn fosters greater familiarity and reduces misperceptions among them. Greater economic integration may deter wars between trading nations as the same factor would also increase the cost of war. Further we must also note that a nations ability to spend on both defence as well as diplomacy to a great extent depends on the stability and growth of its economy, and the economic performance largely depends upon earning, exports and investments coming from outside the nation. Today India in itself by becoming the fifth largest economy in the world is a great example of how indulging in international trade can help a nation thrive in many aspects, including maintaining good foreign relationships and which also increasingly has improved and strengthened national security. However, we must note that India could not have had held the international status in terms of economy as well as national security and foreign relationships that it holds today if it would not have opened up its economy to the world through the truly historic LPG (Liberalization, Privatization and Globalization), Economic Policy of 1991.

On the other hand, Nations must possess the autonomy and sovereign right to defend themselves and their interest with regard to national security from foreign states trying to overpower them¹¹. Steps in the name of wanting to foster national security are taken in a number of contexts like that of international trade, scrutiny of Foreign Direct Investments etc. The international law dealing with the related economics too understands, recognizes and respects that the states have the power which is quite discretionary in order to act in the best interest of its national security, however ruthlessly imposing trade restrictions and barring investments causes violation of various international trade obligations too. The main legal problem lies in figuring out whether

¹⁰ "Korea and the World Economy, IV" conference, Seattle, December 10-11, 2005. (n.d.). Retrieved September 27, 2022, from <https://faculty.washington.edu/karyiu/confer/sea05/>

¹¹ The national security exception in US-China FDI and trade: Lessons from ...?. (n.d.). Retrieved September 27, 2022, from https://www.researchgate.net/publication/331535092_The_National_Security_Exception_in_US-China_FDI_and_Trade_Lessons_from_Delaware_Corporate_Law

countries unfairly and unreasonably extend the latitude of national security to dodge and save themselves from being called out for their practices which are of protectionism in nature. The question arises as to what should be set as the benchmark for reviewing authorities to evaluate if the steps taken by nations are truly in the interest of national security. It is of utmost importance that an appropriate standard is set in order to analyse and review the national security exception; so as to ensure that the sovereign states retain their right to national security and be able to comfortably deal with real threats but do so without actually hampering the growth and expansion of international markets and friendly relationship between states. It is necessary to ensure that there is no overuse and unnecessary invocation of the following exception. However extreme scrutiny of the exceptions and steps taken in the same interest too can result in being detrimental to the genuine interest of the states in protecting their sovereignty. The national security exception concept requires a standard which is rather flexible as well as which is optimally workable to deal with various matters in this age hegemonic rivalry. As national security is no more just based the realm of armed conflicts; but now also includes other aspects such as economic and technological security as well. Many other areas of this exception that had been adopted in a prior era and are no longer of relevance must be omitted or modified according to need of the current times. Thus, Nations must be mindful of the measures they take against international trade in the name of national security and review carefully if the following measures taken are truly required and reasonable.

IV. INTERNATIONAL TRADE AGREEMENTS OF WTO

(A) The General Agreement on Tariffs and Commerce (GATT)

The General Agreement on Tariffs and Commerce (GATT), which was signed on October 30, 1947, by 23 nations, was a legal pact that reduced restrictions on international trade by getting rid of or cutting back on quotas, tariffs, and subsidies while keeping some controls in place. The GATT was designed to accelerate the post-World War II economic recovery by liberalising and reorganising international trade. It has been improved, ultimately leading to the World Trade Organization (WTO) being established on January 1, 1995, which absorbed and extended it¹².

The framework allowed for a series of multilateral discussions for the removal of tariff barriers, and the agreement also provided a structure for the arbitration of international commercial disputes. In the years following World War II, the GATT was viewed as a tremendous success. Trade without discrimination was one of the GATT's major accomplishments. Every GATT

¹² Britannica, The Editors of Encyclopaedia. "General Agreement on Tariffs and Trade", Encyclopaedia Britannica, <https://www.britannica.com/topic/General-Agreement-on-Tariffs-and-Trade>. Accessed 26th September 2022.

signatory member was expected to treat everyone equally. The WTO has included this idea, known as the most-favoured-nation concept¹³. Although mainly successful in its objectives, the GATT was criticised for having an incoherent institutional structure. It was a legal arrangement that served as an international organisation, to put it briefly. The World Trade Organization (WTO) includes the GATT's principles and is better equipped to uphold them since, among other things, it is more knowledgeable about matters like intellectual property, has a quicker dispute resolution process, and has more clout. Even if the GATT's goal was substantially achieved, it was said that its institutional framework lacked coherence. It was, in essence, a contract that served as an international organisation. The World Trade Organization (WTO) embraces the GATT's principles and is better equipped to implement them since, among other things, it is more powerful, has a quicker dispute resolution process, and is more knowledgeable about matters like intellectual property¹⁴.

(B) General Agreement on Trade in Services (GATS)

The first international agreement governing trade in services is the General Agreement on Trade in Services (GATS). It was negotiated during the Uruguay Session, the most recent round of global trade negotiations, and it became effective in 1995. The GATS establishes a framework of regulations controlling the trade in services, a mechanism for nations to pledge to liberalise that trade, and a process for resolving disputes between nations¹⁵.

With two exclusions, the GATS is generally applicable to all service sectors. "Services given in the exercise of governmental authority" are not included under GATS Article I (3)¹⁶. These are services that aren't offered commercially or in opposition to other providers. Social security programmes and any other public service that is offered under non-market conditions, like health or education, serve as examples. Aside from that, GATS also exempts air transport services from policies affecting air traffic rights and the services that are directly associated with their exercise¹⁷.

(C) Trade-Related Aspects of Intellectual Property Rights (TRIPS)

TRIPS entered into force in 1995 as a component of the deal that created the World Trade Organization (WTO). Trademarks, copyrights, geographical indications, patents, industrial

¹³ Christina Majaski, General Agreement on Tariffs and Trade (GATT), Investopedia, <https://www.investopedia.com/terms/g/gatt.asp>, Last Accessed on 26th September

¹⁴ Ibid.

¹⁵ Global Affairs Canada, Government of Canada, <https://www.international.gc.ca/trade-agreements-accords-commerciaux/wto-omc/gats-agcs/index.aspx?lang=eng>, Last Accessed on 26th September, 2022

¹⁶ Annex 1B, General Agreement on Trade in Services

¹⁷ The General Agreement on Trade in Services (GATS): objectives, coverage and disciplines, World Trade Organisation, https://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm, Last Accessed on 26th September

designs, layout designs for integrated circuits, and hidden knowledge or trade secrets are the seven types of intellectual property that are covered by TRIPS. It applies fundamental concepts of intellectual property in international trade to the member states. In order to balance the rights of intellectual property with the goals of public health and economic development, the TRIPS Agreement specifies the acceptable exceptions and restrictions. The most comprehensive international IP agreement, TRIPS plays a significant role in facilitating commerce in creativity and knowledge, resolving trade disputes involving intellectual property, and providing WTO members with the flexibility to pursue their domestic policy goals¹⁸.

The WTO's multilateral trading system now includes the protection of intellectual property rights as a fundamental component thanks to the TRIPS Agreement. The agreement is frequently referred to as one of the three "pillars" of the WTO, the other two being trade in services and trade in products (the traditional purview of the GATT). Prior to TRIPS, there were significant regional disparities in the scope of IP protection and enforcement, and as IP grew more crucial to commerce, these discrepancies became a cause of friction in global economic relations. In order to have more order and predictability as well as to resolve disputes in an orderly manner, it was therefore thought prudent to adopt new trade regulations for IP rights¹⁹.

(D) Agreement on Trade-Related Investment Measures (TRIMs)

Investment measures' ability to stifle and distort commerce is acknowledged by the agreement on trade-related investment measures, or "TRIMs". This indicates that members of the World Trade Organization may not take any action that discriminates or results in quantitative restrictions, both of which violate core WTO principles. The objective of trade-related investment measures is to treat all investing members globally equally. According to the terms of the TRIMs agreement, members are required to notify the World Trade Organization (WTO) council before purchasing and selling any goods or services that fall beyond the scope of the agreement²⁰.

The following have been expressly prohibited by the TRIMs agreement:

1. **Local Content Requirement:** If a developed country wishes to trade its products in a developing country, it must meet local content requirements. The developing nation is willing to accept that arrangement, but only provided it incorporates a homegrown

¹⁸ TRIPS Agreement, Byjus, <https://byjus.com/free-ias-prep/trade-related-aspects-of-intellectual-property-rights-trips/>, Last Accessed on 27th September, 2022

¹⁹ TRIPS — Trade-Related Aspects of Intellectual Property Rights, World Trade Organisation, https://www.wto.org/english/tratop_e/trips_e/trips_e.htm, Last Accessed on 27th September, 2022

²⁰ Trade Related Investment Measures (TRIMs), Indian Economy. Net, <https://lms.indianeconomy.net/glossary/trade-related-investment-measures-trims/>, Last Accessed on 28th September, 2022

component into its finished product. It implies that domestic product growth will accelerate.

2. **Trade Balancing Requirements:** A company must buy an equal amount of imported goods to export goods in order to comply with trade balancing procedures. Trade balancing is the process of achieving a balance between the volume of goods imported and exported.
3. **Domestic Sales Requirements:** Many countries prohibit the export of domestic goods and obstruct trade by enforcing domestic sales regulations. The worth of those goods eventually declines as a result. As a result, there is a large market for the production of those goods. Due to their necessity for economic development, developing nations are allowed to keep Trade-Related Investment Measures.

V. INDIA, WTO AND THE PEACE CLAUSE

India has been a member of the World Trade Organization (WTO) and its predecessor, the General Agreement on Tariffs and Trade (GATT), since July 1948²¹. India has participated actively in the WTO's procedures as a developing nation, particularly by raising the concerns of the whole developing world and its own²².

The general WTO dispute resolution processes are used to resolve issues affecting the terms of the Agreement on Agriculture. However, the Agreement also includes several alternatives that Members may employ to settle their cases without turning to these processes. In particular, the Committee on Agriculture's review procedure offers a place for discussion and consultation. This procedure is primarily based on notifications and an article (Article 18.6) that permits any Member to bring up any issue about executing the Agreement's reform program obligations at any time²³.

The obligations following the Agreement on Agriculture and the timetables of the Members are a continuing process. Members already committed to conducting further discussions on agriculture at the completion of the Uruguay Round, starting one year before the six-year implementation term ends (Article 20).

The long-term goal of significant progressive support and protection reductions leading to

²¹ "OBSERVATIONS ON THE PROPOSAL FOR A NEW PEACE CLAUSE." https://www.southcentre.int/wp-content/uploads/2013/07/AN_AG1_Observations-on-the-proposal-for-a-New-Peace-Clause_EN.pdf. Accessed 29 Sep. 2022.

²² "World Trade Organization (WTO) - Devex." <https://www.devex.com/organizations/world-trade-organization-wto-44694>. Accessed 29 Sep. 2022.

²³ "World Trade Organization - Home page - Global trade." <https://www.wto.org/>. Accessed 29 Sep. 2022.

fundamental change will be examined throughout these discussions in order to determine whether additional commitments are required. Additionally, the Uruguay Round commitments to reduce global trade in agriculture, non-trade concerns, special and differential treatment for developing country members, and the goal of establishing a just and market-oriented agricultural trading system are all to be considered during the negotiations.

India stood out as the most vocal supporter of the developing bloc during the Doha WTO meeting in 2001. Since the representatives of 142 nations agreed to a new round of trade negotiations including subjects like the environment, competitiveness, and investment, the summit was deemed a success.

High subsidies are thought to be affecting international commerce. In the event that subsidy ceilings are violated, the peace clause shields a developing country's food procurement policies from WTO members' enforcement. For violating the rice subsidy cap for the marketing year 2018–19, India was the first nation to employ the peace clause. In the case of India and other developing nations, the cap is set at 10% of the value of food production²⁴ (referred to as *de minimis*).

India notified the World Trade Organization (WTO) in April 2020 that the value of its rice output in 2018–19 was \$43–67 billion and that it had provided \$5–6 billion in subsidies. Concerns have been raised by the European Union (E.U.), the United States of America (USA), Japan, Canada, Brazil, and Paraguay over India's use of the WTO peace clause to justify providing more help to its rice farmers than allowed. To ensure that only rice assistance exceeded the restrictions, the European Union E.U. requested India for all the information on the items covered by the public stockholding program²⁵.

Exports of domestically marketed rice inventories were prohibited to reduce the possibility of market distortion. Sufficient buffer storage of food grains can aid with production changes, unanticipated needs, and natural disasters. For the third time, India has used the peace clause to justify going over the 10% cap on the assistance it provided to its rice farmers. The nation reported to the WTO that the value of its rice output in 2020–21 was \$45.56 billion and that it provided subsidies of \$6.9 billion, or 15.14% more than the allowed 10%, for that period.

In the event that the subsidy limitations are violated, the peace clause shields India's food purchase programs from WTO members taking enforcement action. In 2020, when it became

²⁴ "Agriculture - negotiations backgrounder - the peace clause - WTO." https://www.wto.org/english/tratop_e/agric_e/negs_bkgnd18_peace_e.htm. Accessed 29 Sep. 2022.

²⁵ "World Trade Organization (WTO) | History & Facts | Britannica." 29 Aug. 2022, <https://www.britannica.com/topic/World-Trade-Organization>. Accessed 29 Sep. 2022.

the first nation to do so, New Delhi used the clause for the first time.

Food is a fundamental human right. Therefore, Western concerns over food subsidies in a nation like India, where a third of the 1.3 billion people live below the poverty line, look disingenuous. Although the developed countries view India as a sizable market for foodgrains and other goods, the government's willingness to subsidize farmers, buy their produce at a minimum support price, and then resell it at a loss through the public distribution system and other channels makes their produce uncompetitive²⁶.

Accepting a temporary peace clause would be the same as acknowledging that the subsidy programs in India and other developing countries violate international trade laws, leaving the country vulnerable in the event that a grievance was later brought up in the WTO or other international forums. Additionally, India would lose its main negotiating position in subsequent WTO talks as a result of this.²⁷

VI. US-CHINA RIVALRY

The US – China rivalry with respect to international trade has multiple dimensions inter-linked with national security and the flow of investment that creates areas of dependency between nations. The United States of America has been the dominant player in trade with its global influence lasting for over a century in manufacturing and selling of goods. This has now been rivalled by China which is estimated to take over the United States as the world's largest economy in the coming decade. It has led to fierce competition and rivalry from the United States of America as it leverages all its power to stop the growth of China's resilient economy which is changing the global order. The world order is shifting from a unipolar to bipolar world that has led to an authoritarian model of governance matching the liberal economics of the western nations. A relevant example of China's economic growth is the staggering fact that it has the ability to build a thirty-storied building in a short span of fifteen days. It encompasses the magnitude of China's economic growth which now extends beyond borders leading to fundamental changes in the perception that USA is the sole global super power. This had led to changes in the international trade especially in the prism of national security as well targeted geographical influences which the Chinese have deftly adapted in the form of various ideas that can be illustrated with the help of examples. China manufactured products are priced at the lower range enabling people to buy them with a relative ease as it meets the purchasing power of the citizens. This has led to global companies flooding to invest and expand their presence in

²⁶ "Agriculture - negotiations backgrounder - the peace clause - WTO." https://www.wto.org/english/tratop_e/agric_e/negs_bkgnd18_peace_e.htm. Accessed 29 Sep. 2022.

²⁷ "World Trade Organization - Home page - Global trade." <https://www.wto.org/>. Accessed 29 Sep. 2022.

the Chinese market resulting in an economic boom that few nations in the world can fathom to accomplish in the given time frame of few decades, is one amongst a galaxy of reasons that has led to a huge rivalry between the world's two largest economies. Debt trap as part of China's official policy to lend a huge financial support to economically weaker nations has resulted in huge form of debts that nations owe back to China. In return, due to non-payment of the given amount, important assets are leased to China for number of years. It has resulted in the economic colonization of countries like Pakistan, Sri Lanka and African nations. The China – Pakistan Economic Corridor where there is a huge flow of investment apart from the Belt and Road Initiatives that aim to connect the world have played a role in affecting US – China relations. The trade war between US and China during the previous US administration under Former President Donald Trump shook global economies. It showed the cascading effect of taxing products from China into the USA and sanctions of Chinese companies resulting in a ripple effect on the world economy. It highlighted that China's economy has been intertwined with global economy and the sole competitor being the United States of America. If China's economic expansion in the prism of international trade has led to the United States taking a confrontational approach, it is important to note that the danger posed to national security has led to a change in the American approach to deal with China. Reducing the dependency on Chinese investment and products apart from further building of valuable American assets through constant innovation and invention has been dominant in the US Government's policy to deal with the People's Republic of China. It is notable to highlight that each year thousands of Chinese students graduate from Universities in the United States. They understand the American model of business as they go back to China and implement the same ideas albeit through an authoritarian form of government. It has resulted in replication of American ideas with slight variations resulting in new Chinese names suitable in accordance with the necessary requirement. A broader analysis of the same will give us a deep understanding into the well planned and executed ideas of China in becoming the world's second largest economy. Therefore, we would like to highlight that in an ever-changing world, the confrontation between USA and China may result in significant changes as international trade continues to globalize the world.

VII. CONCLUSION

The researchers would like to emphasize the need to have a broader understanding of 'national security' that includes both economic and military threats. We can analyze the vital role played by World Trade Organization in facilitating trade negotiations apart from the other available mechanisms. International trade and national security remain to be the primary challenge as

nations compete to expand their economic prowess with the classic example being the US – China rivalry where trade wars have been fought through tariffs, import quota, domestic subsidies and currency devaluation. We would like to conclude by affirming that international trade must promote national security that will ultimately result in developing international co-operation which promotes the welfare of citizens.
