

**Analysis of Dispute Settlement Dynamics Analysis of behaviors in the import tariff dispute between the United States and China**

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**Abstract**

*The ongoing dispute over import tariffs between the United States and China has emerged as a significant concern within the global economy since 2018. Chinese retaliation, triggered by the United States' imposition of import taxes on Chinese imports as a response to unfair trade practices including intellectual property theft and detrimental subsidies, further intensified global trade tensions. Both nations ultimately sought resolution of the import tariff dispute by appealing to the World Trade Organisation (W.T.O.). This study employs a descriptive qualitative approach, combining International Relations theory and case analysis to interpret the diplomatic strategy and conduct in settling this trade conflict. Analysis was conducted on data obtained from papers, official websites, and books to investigate the resolution of disputes through the World Trade Organisation (WTO) and the economic consequences of trade retaliation. The findings underscore the intricacy of international economic relations, and the conduct exhibited by participants in managing conflicts. This study highlights the crucial significance of international organizations in preserving trade stability and offers valuable understanding of the mechanisms involved in resolving disputes related to intricate import tariff conflicts.*

**Keywords;** *Import Tariff Dispute, Trade War, State Behavior, United States, China, WTO*

**1. INTRODUCTION**

The ongoing dispute over import tariffs between the United States and China has emerged as a highly significant topic in the field of international economic research. The war commenced in 2018 when the United States, under the leadership of President Donald Trump, initiated the implementation of substantial tariffs on a range of imported goods from China as a reaction to trade practices that were considered unjust. Furthermore, the United States believed that China had engaged in intellectual property theft and implemented subsidies that may potentially damage American industries. In retaliation, China implemented punitive taxes on American goods, resulting in an intensification of global trade tensions between the two dominant economies. Furthermore, this dispute exerts a substantial influence on the world economy, considering that both nations are pivotal participants in international commerce.

Extensive research has been undertaken to examine the factors and consequences of this import tariff dispute. In their 2022 study, Adi Pradana and colleagues investigate the resolution of this dispute through the Dispute Settlement Body (DSB) of the World Trade Organisation (WTO), which functions as a global trade organisation (Barus et al., 2022). Meanwhile, other scholarly works, such the research conducted by Ratna Sari et al. (2023), examine the consequences of trade retaliation by China on the United States. Accordingly, the consequences of China's retaliatory actions against the US included a

trade imbalance, a decline in the worth of exports, a reduction in investment, and an effect on the 2020 US elections (Khaldun et al., 2023). Nevertheless, there remains a deficiency in study of the dispute settlement behavior that is relevant to this particular import tariff conflict.

The scholarly originality of this study resides in the multidisciplinary methodology that examines not only the economic consequences of this tariff dispute but also the diplomatic conduct and methods of resolving disputes employed by both nations. Through the integration of International Relations theory with case study, this research offers a more thorough picture of how the two countries handle and settle their trade disputes. The present study aims to offer novel perspectives on the mechanisms of dispute settlement within the intricate import tariff controversy.

The study objective of this article is to examine the behavioral dynamics of China and the United States in addressing the import tariff issue. It aims to analyze the attitudes adopted by both nations in settling this dispute and the potential consequences for international trade stability. The objective of this study is to elucidate the process of settling the import tariff conflict between China and the US. It aims to analyze this case from an Institutionalism viewpoint, which highlights the significance of the international regime in influencing the role of the WTO (World Trade Organization) as a governing body responsible for resolving international trade disputes. The neoliberal-institutionalist view highlights the significant function of international institutions or regimes in endeavors to uphold international peace and cooperation.

An international regime refers to a collection of regulations, principles, procedures, and standards that govern the interactions among international actors (Rosyidin, 2022). The international regime or institution serves as an intermediary for the exchange of information among the parties concerned. The World Trade Organisation (WTO) is a prime illustration of an international trade law. This study aims to analyze the dispute settlement behavior of the US and China in the WTO, focusing on how the dispute settlement procedures in this regime can be resolved. It also seeks to determine if the WTO, as a product of Neoliberal-Institutionalism, can effectively establish peace and resolve import tariff disputes between the two countries.

## **2. RESEARCH METHOD**

This study uses a descriptive qualitative methodology to investigate the patterns of dispute settlement behavior in the import tariff dispute between the United States and China, from the viewpoint of neoliberal institutionalism. The selection of this approach was based on its capacity to thoroughly investigate and elucidate the actions undertaken by these two nations throughout the dispute-resolution process. The data gathering method employed is a document study, in which the author gathers data from many sources such as publications, official government websites, and books. This data is then analyzed utilizing theories to comprehend the dynamics of this behavior.

## **3. RESULT AND DISCUSSION**

### **Case of US-China Import Tariff Dispute**

The trade war between the United States (US) and China has become one of the most significant international trade disputes in the last decade. The dispute started when the US President, Donald Trump, decided to raise import tariffs on various products from China, which he considered detrimental to the US economy. Since 2018,

the two countries have engaged in a number of reciprocal tariff measures, resulting in significant trade tensions and bringing the issue to international forums, particularly the World Trade Organization (WTO).

According to research published in the journal *Disputes over Import Tariffs and Trade Barriers Between the United States and China in the Perspective of the WTO Framework*, the tariff policies imposed by the US are a response to alleged unfair trade practices committed by China. These allegations include intellectual property theft and subsidies to Chinese domestic companies that are considered detrimental to US producers (Barus, Suhaidi, Sutiarnoto, & Leviza, 2022). The increase in import tariffs by the US began on March 8, 2018, when President Trump announced an import tariff policy of 25% on iron and 10% on aluminum from China. This move marked the beginning of a series of tariff countermeasures that further escalated tensions between the two countries.

China responded to this policy by threatening to impose tariffs on 128 products from the US if negotiations failed (Barus et al., 2022). On April 4, 2018, China filed a consultation request with the WTO regarding the US tariff policy, claiming that the policy violated Article I on General Most-Favored-Nation Treatment and Article II on Schedules of Concessions of the General Agreement on Tariffs and Trade (GATT) (Barus et al., 2022). On July 6, 2018, the US began imposing tariffs of 25% on US\$34 billion worth of Chinese goods, which included products such as cars, hard disks, and aircraft parts (Barus et al., 2022). China immediately retaliated with similar tariffs on US\$34 billion worth of US products, including agricultural products, automobiles, and marine products (Barus et al., 2022). These tensions continued with the US imposing additional tariffs on September 24, 2018, with a 10% tax on US\$200 billion worth of Chinese imports. In return, China imposed tariffs on US\$60 billion worth of US goods (Barus et al., 2022). On May 15, 2019, President Trump announced a ban on the use of foreign telecommunications equipment by US companies, with Huawei as the main target (Barus et al., 2022).

This move was part of US efforts to mitigate national security risks perceived to be associated with Chinese technology. The move also triggered a response from China, which filed a lawsuit at the WTO, alleging that the move violated free trade principles under the WTO. On August 23, 2019, China announced that it would impose new tariffs of 5-10% on US goods, which took effect on September 1 and December 15, 2019, in conjunction with the US tariff policy (Barus et al., 2022). On the other hand, the US also continued its tariff offensive by imposing a 25% tariff on 1,300 industrial, transportation, and medical technology products from China, as a form of punishment for China's alleged practice of coercing intellectual property transfers (Barus et al., 2022). This lawsuit has further muddied the trade atmosphere between the two countries, with China continuing to file appeals and consultations at the WTO. WTO panels, in several rulings, have stated that the US tariff policy against China violates the principles of non-discrimination and is inconsistent with the tariff commitments agreed in the GATT. The WTO panel confirmed that the US-imposed tariffs were not based on evidence strong enough to support claims of unfair trade practices by China (Barus et al., 2022).

Instead, China successfully demonstrated that the tariffs not only violated international commitments, but also undermined the principles of fair and open trade governed by the WTO (Barus et al., 2022). On the other hand, these US actions are based on various legal grounds, one of which is The Trade Expansion Act of 1962 Section 232 which authorizes the US President to impose tariffs if international trade is deemed to

threaten or impair national security. Another basis is Section 301 of the Trade Act of 1974 which allows action against unfair foreign trade practices (Savira, 2022). However, the US action has been criticized by many as violating WTO provisions, particularly with regard to the obligation to report to the WTO safeguard committee when initiating an investigation into serious economic harm. China's response to the US tariff policy shows a more rational and cautious approach. Although China also imposed retaliatory tariffs, the amount of tariffs imposed was lower than those imposed by the US. China emphasized that it did not want to rush in responding to the US tariffs and would take rational countermeasures to maintain the country's economic stability (Savira, 2022).

This action reflects China's efforts to maintain the stability of its domestic economy and not be provoked into further escalation that could harm both parties. In the context of the WTO, international agreements regulate trade through a dispute settlement mechanism known as the Dispute Settlement Mechanism (DSM). The DSM no longer relies on the negotiation process, but rather the establishment of panels to enforce the rules. Unilateral actions taken by the US without consultation or negotiation with interested parties are considered a violation of WTO provisions, particularly Article 12 of the AOS which stipulates the obligation to report to the safeguard committee (Savira, 2022).

In several hearings and dispute settlement proceedings, WTO panels have criticized the evidence submitted by the US regarding intellectual property theft, stating that the evidence was insufficient to support the tariffs imposed (Barus et al., 2022). In contrast, China successfully demonstrated that the tariffs not only violated international commitments, but also undermined the principles of fair and open trade governed by the WTO (Barus et al., 2022). Overall, the tariff dispute between the US and China reflects the complex dynamics of global trade relations. The two countries are not only engaged in tariff disputes, but also in efforts to fight for their respective national interests through various legal and policy mechanisms. The attempt to resolve this dispute through the WTO shows the importance of the international forum in regulating global trade and ensuring that trade policies do not harm the parties involved (Barus et al., 2022).

However, the reality is that continued unilateral policies and tariff countermeasures show how difficult it is to reach a fair and sustainable settlement in such trade conflicts. In addition to the direct impact on the two countries, the US-China import tariff dispute also has a significant impact on the global economy. High tariffs result in higher prices for imported goods, which in turn increases production costs for companies that rely on foreign raw materials. This triggers inflation and reduces consumer purchasing power. In addition, the uncertainty generated by trade wars disrupts global supply chains and reduces business investment (Dianawati, 2021). In recent years, trade relations between the United States (US) and China have become one of the most dominant topics in global economic discussions. Tensions between the world's two largest economies culminated in an import tariff dispute involving the imposition of high tariffs on various products. This dispute not only affects both countries, but also has a significant impact on the global economy. The US-China import tariff dispute began when the US administration under President Donald Trump imposed high tariffs on billions of dollars worth of Chinese products citing unfair trade practices and intellectual property theft. China responded by imposing retaliatory tariffs on US products. This move triggered a trade war whose escalation continued for several years. The main reason for the US to impose these tariffs was the allegations that

China had committed unfair trade practices, including massive subsidies to domestic companies, theft of intellectual property, as well as forcing technology transfers from US companies operating in China. The tariffs imposed by the US are intended to force China to change its policies and create a more level playing field for US companies (Dianawati, 2021). In the context of international trade law, this case refers to the rules of the World Trade Organization (WTO). The WTO has a Dispute Settlement Body (DSB) that is responsible for handling trade disputes between its members. The DSB plays an important role in resolving these disputes by referring to the rules set out in the General Agreement on Tariffs and Trade (GATT) as well as other agreements relating to international trade (General Agreement on Tariffs and Trade, 1994).

The dispute settlement process through the DSB involves several stages. Initially, the aggrieved party may request consultations with the alleged infringer to seek a mutual solution. If the consultations do not result in an agreement, the aggrieved party may request the establishment of a panel to review the case. The panel will hear arguments from both sides and issue a report containing findings and recommendations (World Trade Organization, 2020). In the case of the US-China import tariff dispute, the two countries have held several consultations but did not reach an agreement. As a result, the dispute was brought to the DSB for further handling. The established panel then issued a report stating that some of the tariff measures imposed by the US violated WTO rules. The report emphasized that the tariff measures were inconsistent with the provisions of the GATT and other WTO agreements (World Trade Organization, 2020). The DSB ruling has a significant impact on both countries. For China, this ruling provides a basis to demand the revocation of tariffs that are considered to violate WTO rules. Meanwhile, for the US, this ruling creates pressure to review its tariff policies. The DSB ruling also shows the importance of the dispute settlement mechanism in the WTO as a tool to enforce fair and equitable international trade rules (World Trade Organization, 2020).

However, while DSB rulings have the force of law, enforcement remains a challenge. In some cases, the losing country in a dispute does not immediately comply with DSB rulings, leading to protracted tensions and uncertainty in international trade relations. In the context of the US-China import tariff dispute, although the DSB has issued an unfavorable ruling for the US, the implementation of the ruling still requires further negotiations between the two countries (World Trade Organization, 2020). The impact of this import tariff dispute is also felt by the global economy. High tariffs result in higher prices for imported goods, which in turn increases production costs for companies that depend on raw materials from abroad. This triggers inflation and reduces consumer purchasing power. In addition, the uncertainty generated by trade wars disrupts global supply chains and reduces business investment (Dianawati, 2021).

### **States Dispute Settlement Behavior: US-China Behavior in Responding to Disputes**

During President Trump's administration, the US implemented protectionist economic and trade policies that were more aggressive than those of previous presidents. He renegotiated international trade agreements and preferred bilateral cooperation to reduce the trade deficit. The Trump administration prioritizes the application of national trade laws and does not tolerate trade practices that harm the country, in accordance with the Trade Act of 1974, particularly Section 301 which allows retaliatory measures if US rights are violated in trade agreements. (Parbo, 2020) One of Trump's policies on trade is to raise tariffs on imported goods from China, which from this policy became the beginning of a trade war between the US and China. In the last

few decades, China's economy has grown rapidly and thrilled the world, including the United States, as the largest economy in the world. Trump sees China's economic growth and influence as a threat to the stability and economic hegemony of the United States. He also created import tariffs to protect the domestic industry from the invasion of Chinese companies and create jobs (Sari et al., 2023). Facing China, the United States implemented an economic strategy by increasing import tariffs. On January 17, 2018, the US accused China of stealing intellectual property rights (IPR). Then, on January 22, 2018, it imposed a 30% tariff on solar panels and 20% on imported washing machines, except from Canada. The US also set a 25% tariff on 1,300 technology, transportation, and medical products. China responded to this policy by imposing tariffs of US\$1.1 billion on sorghum imports from the US on February 4, 2018. On March 8, 2018, the United States announced tariffs on steel and aluminum imports to protect domestic producers and national security. In response, on March 22, 2018, China released a list of 128 US products that would be subject to 15-25% tariffs if negotiations failed. At the same time, the US requested the WTO to establish a dispute settlement panel on alleged intellectual property rights violations by China. This move showed the seriousness of the US in dealing with the issue at the international level and strengthened its position in the trade dispute with China (Parbo, 2020). On May 19, 2018, the two countries reached an agreement to reduce China's trade surplus.

However, on July 6, the US imposed a 25% tariff on US\$34 billion worth of Chinese imports, including cars and aircraft parts, and China retaliated with similar tariffs. On September 24, 2018, the US imposed 10% tariffs on US\$200 billion worth of Chinese imports, and China responded with tariffs on US\$60 billion worth of US products. The peak of tensions occurred on May 15, 2019 when President Trump banned the use of foreign telecommunications equipment in the US, targeting Huawei. After that, there was a 90-day suspension of the law and new tariffs from both countries in August. The United States is also considering restrictions on Chinese investment in US technology companies, which could impact large companies such as Apple and Amazon (Barus et al., 2022).

Since April 4, 2018, China has taken the trade dispute to the WTO, challenging tariffs imposed by the US in June and September 2018 on goods worth more than US\$200 billion per year. The United States argues that the tariffs are a response to China-backed technology theft, subsidies, and other unfair practices, and are allowed under 1970s-era trade rules. However, China argues that these tariffs violate trade rules because they exceed US commitments and target only one country (Barus et al., 2022). In an attempt to resolve the trade war, China submitted a complaint to the WTO for consultations, but this effort was unsuccessful. The United States has also been less cooperative in handling disputes through the WTO as it prioritizes its domestic industry. Although representatives of the two countries have had more than 10 meetings in an attempt to negotiate, the process has stalled as it is difficult for both parties to reach an agreement that moderates their respective interests. China responded to Trump's policies affecting its trade and economic stability with a counterattack. Although the dispute was submitted to the WTO, the United States maintained its protectionist policies for domestic interests, while China also had economic interests that needed to be defended. As a result, China chose retaliation as a strategy to restore its trade stability with the US (Parbo, 2020).

In May 2018, the US and China temporarily postponed the escalation of the trade war after China agreed to increase its purchases of goods from the US. However, China's plan to lower tariffs on auto imports from 25% to 15% was not approved by Trump,

who considered it unfavorable to the US. In response, the US imposed a 25% tariff on US\$50 billion worth of Chinese imports, starting a new round in the trade war. In June 2018, the US increased import tariffs three times on Chinese products, followed by a similar Chinese response. The new tariffs from both countries took effect on August 23, 2018. At the G20 in November 2018, the US and China agreed to postpone the tariff war for 90 days after China promised to increase purchases of US products. However, in February 2019, Trump postponed the planned tariff increase on Chinese goods after progress in the negotiations. Subsequently, negotiations continued between the two countries in dealing with the import tariff dispute, but these negotiations always found a deadlock and ended in the continued application of import tariffs (Parbo, 2020). In a significant development, US President Donald Trump and Chinese Vice Premier Liu He finalized a trade agreement at the White House, marking an important shift in their ongoing trade dispute.

The two countries agreed to negotiate and announce a two-day Phase I agreement on October 10-11, 2019. The deal includes China's commitment to buy US\$40-50 billion worth of US agricultural products annually as well as increased protection of intellectual property. In return, the US postponed a planned tariff increase on Chinese imports previously scheduled for October 15 (Reuters, 2020). The WTO has ruled that the US side lost the trade dispute with China and rejected the US dispute petition. This decision was based on the US violation of global trade rules by applying tariffs that apply only to China and exceed the agreed maximum limits. The three-member WTO panel concluded that the US did not have sufficient grounds for the action. The WTO also noted the unprecedented context of global trade tensions and encouraged the US to comply with its obligations under existing rules. China responded positively to this decision, supporting the multilateral trading system, and calling for further cooperation between the two world economies (Sari et al., 2023). Zangl et al. (2011) have examined countries' dispute settlement behavior through cases of OECD countries' dispute settlement behavior in 137 international disputes occurring in four regimes-UNSC, GATT/WTO, EHR, CITES-and two time periods-1970s/1980s and 1990s/2000s.

Through the study, data were collected to explain in a structured way by coding the behavior of state disputes according to the following patterns: (1) Following behavior, countries follow relevant dispute settlement procedures and act in accordance with existing rules; (2) Avoiding behavior, states do not violate the relevant dispute settlement rules but also do not take steps to activate the procedure, which means that states may avoid the official procedure, offer an amicable settlement, or use a veto to prevent the application of the procedure; (3) Following, then avoiding behavior, countries follow the procedure initially but try to avoid the procedure later, and; (4) Disregarding Behavior, States violate the rules of the relevant dispute settlement procedure, either temporarily or continuously. The assessment of judicialization in state dispute settlement is based on the frequency with which states follow the rules compared to disregarding them. If states follow the rules more often, judicialization occurs, which means that dispute resolution increasingly relies on legal procedures. Conversely, if it ignores the rules more often, de-judicialization occurs. The level of judicialization is high if the state follows the rules more than twice as often as it ignores them. Medium judicialization if the state follows the rules more often but less than twice as often. Low judicialization if the state ignores rules more often than it follows them. If there is a difference in state behavior when acting as a plaintiff or defendant, the lower level is used to assess overall dispute settlement behavior,

ensuring a fair assessment and reflecting the reality of state behavior (Zangl et al., 2011).

The trade war between the US and China demonstrates the complexity of international trade dispute resolution, with both countries adopting various strategies including trying to resolve disputes through judicialization and de-judicialization. Tariffs and counter-tariffs reflect the tensions in global trade relations, emphasizing the importance of diplomatic negotiations between the two countries. Negotiations are usually conducted as an initial form of problem-solving by conducting direct two-way negotiations to reach an agreement. The United States and China conducted at least 10 rounds of import tariff negotiations to reach a tariff agreement that could be a solution for both. This behavior is included in the behavior of the state trying to find a way out of the problem through peaceful negotiations. Negotiation is an effective tool in the contemporary era. However, sometimes the procedure through negotiation cannot always issue an agreement that can be agreed upon. Here lies the legal procedure in dispute resolution through international bodies that are responsible for being a path of dispute resolution. The liberalist view in the study of international relations regarding international bodies tends to focus on aspects of cooperation, economic integration, peace, and collective arrangements. Liberals believe that international bodies have an important role in facilitating dialogue, resolving conflicts, promoting global security, and strengthening international norms and rules.

This view emphasizes that international bodies can serve as platforms for negotiation, exchange of ideas, and peaceful cross-border problem-solving, with the ultimate goal of creating global stability and prosperity. The United States and China brought dispute cases to the WTO to seek a resolution. Dispute settlement at the WTO goes through various procedures. On April 4, 2018, China submitted consultations to the WTO regarding the US policy on Chinese imports under the Trade Act of 1974, involving Article I on Most-Favored-Nation Treatment and Article II on Schedule of Tariff Conclusions. The US agreed to consultations on April 13, 2018, although it considered China's move to be in violation of Article 4 of the DSU. China responded on April 25, 2018 by requesting the DSB to circulate a response to the US communication (Barus et al., 2022). Ultimately, however, the WTO ruled against the US allegations at the WTO and held that the US-imposed tariffs violated the rules.

The WTO decision highlights the challenges of applying international trade rules amidst the evolving dynamics of the global economy. However, the US did not fully accept the decision. The United States plans to appeal and also continue diplomacy with China on trade.

### 3.3 Perspective of International Law: Analysis of Institutionalism

Perspective in the US-China Import Tariff Dispute Liberal institutionalist theory (LIT), like PTT, operates at a systemic level of analysis. Liberal-institutionalists share with the realist school a materialistic view of power, but they approach the concept in a more sophisticated way. While recognizing the relevance of raw capability measures such as military spending and economic output for assessing a state's power, they also highlight additional variables and issues whose impact on relations between major states deserves more attention. In this section, after outlining the LIT concept of power in general, we will focus on the notions of complex interdependence; international regimes and institutions; power as authority; and power as networks. The scope of LIT will be expanded as the chapter progresses, with a continued emphasis on its liberal and institutional expressions. Thereafter, as has been done before, the risks involved in transitions of power will be discussed, this time from a liberal institutionalist perspective. Power can be understood as the ability of an actor to make others



“do what they would not otherwise do” and as “control over outcomes” (Keohane and Nye, 1989), which is closely linked to the notion of asymmetric interdependence, i.e. one party in a given relationship is less affected than the other when faced with changes in that relationship. In interdependence, the role of power is understood in terms of two elements: 'sensitivity' and 'vulnerability'. A state with a high degree of sensitivity will be adversely affected when there are external policy changes; if it is also highly vulnerable, it will have difficulty reacting to those changes.

The vulnerability dimension contributes more to the understanding of the relationship between interdependence and power than sensitivity, because it is only the lack of alternatives on one side that provides resources for the other side. Resources are the result of “asymmetries in dependence”. Relationships of pure symmetry or pure dependence are rare; the conditions of interdependence include situations where the degree of mutual dependence varies, with the less dependent party having more power to influence issues affecting the more dependent party. International negotiations illustrate this reality: The outcome of the bargaining process is a function of the aggregate power of each party and its issue-specific power.

This relates to (among others) Richard Emerson's social exchange theory, the foundation of which was quickly incorporated into the LIT power framework. Emerson proposed a way to determine the power structure of interdependent relationships and their degree of asymmetry, based on magnitude. Interest in outcome X, the extent of B's control over X, and A's ability to seek alternatives (Habeeb, 1988). Presented in bilateral terms for the analysis of bargaining situations, this approach to power can be extended to interstate relations at the multilateral level. a. Complex interdependence and international regimes Keohane and Nye (1989) developed the concept of complex interdependence against the existing realist framework. Both are considered ideal types, and the 'situation' that occurs in the international system falls between these two extremes, and may be better described by one of them. In complex interdependence, states are connected through multiple channels: interstate relations are not ignored, but combined with transgovernmental and transnational relations, thus relaxing the realist assumption that states are unitary and their actions are completely independent.

Secondly, the assumption of a hierarchy in which military issues are dominant over economic and social issues is rejected, as is the often unclear separation between foreign and domestic policy. In the purest realist view, all issue areas are subject to military security and its implications; liberal-institutionalists reject this assessment in favor of an inclusive view of the political process, and emphasize the potential interconnectedness of issues. As a result, power lies in “the manipulation of interdependence, international organizations, and transnational actors” Since the sources of power differ more broadly, international regimes include formal IOs and codified rules and norms (Keohane, 1989). They carve out greater analytical differences in relation to realist analysis, which prioritizes the security sphere. LIT, as suggested above, considers that security and political economy should be combined within the same analytical framework (Keohane and Martin, 1995). International regimes are defined as “a set of implicit or explicit principles, norms, rules, and decision-making procedures on which actors base their expectations in a particular field of international relations” (Krasner, 1983). Within these “social institutions”, as Keohane calls them, rules (implicit) and norms (explicit) are closely interrelated, this relationship giving legitimacy to the regime.

The essence of international regimes lies in “orders that are specific enough that violations of them can in principle be identified and changes observed, and significant

enough that changes to them can make a difference to the behavior of actors and the nature of the international political economy". Despite the 'state of anarchy' that characterizes the international system, where the principles of self-help and sovereignty make it impossible for the legal system to enforce them, these obligations are usually met. The nature of the international regime is influenced by the general preferences of the most powerful states; however, this does not discount its importance in facilitating cooperation. Regimes influence both state behavior (Keohane, 1989) and state interests, as they are "not only compatible with self-interest, but under certain conditions may be necessary for the effective realization of that interest" (Keohane, 1984). IO is a particularly useful instrument for the strongest states to benefit from cooperation, because "their character is shaped by the distribution of capabilities" (Keohane and Martin, 1995). However, the dominant state (to use the PTT term) eventually binds itself to an institutionalized system - a state of 'complex interdependence' as mentioned above - where physical capability considerations matter less.

This, in turn, allows influence to be exerted through norms of diplomacy, institutionalized transnational financial networks, and alliances (Keohane, 1989). However, both the material aspects of power, exercised through the manipulation of material incentives (through threats and rewards), and the formation of substantive beliefs (through the application of norms and values) are two ways of exercising hegemonic power that are "mutually reinforcing and often difficult to disentangle" (Ikenberry and Kupchan, 1990). Thus, this transmission of substantive beliefs from powerful states to secondary states, translated into a set of norms and rules that Keohane describes more generally as the international regime, is an exercise of power that complements the traditional role of raw, materialistic power in the last chapter. Both lead to the consolidation of hegemonic power, a vision that seems consistent with the basic expectations of hegemonic stability theory. b. Power as authority Another notion of power closely associated with LIT (mostly in its liberal-ideational dimension) is the notion of authority. This "locates legitimacy in the social contract between the ruler, who provides a social order of values to the ruled, and the ruled, who obey the ruler's commands necessary to produce that order" (Lake, 2009).

Instead of being in an anarchic environment, international relations consist of various hierarchies where authority is based on the 'ability to get things done' by powerful states, and is therefore legitimate. Although leading states are under no obligation to provide social order, and weaker states are not forced to abide by it, both sides would prefer such a 'social contract' as long as their conditions are slightly better than if they cooperated in anarchy. As we will see later, the logic behind relational authority is related to the creation and maintenance of order. How can authority as power be measured? Lake (2007) proposes to assess a state's level of authority over other states, by ensuring that authority is not mistaken for coercive capability, which is clearly a trap. In an attempt to isolate the legitimacy of unequal relations between states, two indices - security and economic hierarchy - capture the degree of subordination of each state relative to the larger state. The first combines the deployment of military force from the dominant state to each subordinate state, and the number of independent alliances the weak state has, reflecting foreign policy autonomy; the second index comprises the degree of monetary policy autonomy of the subordinate states (determined by their exchange rate regime), and relative trade dependence. The scores for each dimension are then translated into a security and economic continuum ranging from 'diplomacy' to 'protectorate' and 'market exchange' to 'dependency'. c. Power as

attraction Measuring 'power to attract', although intangible, is not an impossible task and is probably no more difficult than measuring the traditional military economic dimension. Social indices such as a country's immigrant population, international students and tourists, and the spread of movies and music abroad measure cultural attractiveness. Opinion polls assess a country's popularity, although the results are quite volatile. Membership in IOs, alliances, and troops deployed abroad are examples of measures that indicate a state's level of engagement internationally.<sup>17</sup> Similarly, efforts have been made to study power as a continuum, stretching from 'hard' to 'soft' rather than dichotomously. Rothman (2011) describes the resources of power with different levels of 'softness': military (coercion), economic (persuasion), institutional (agenda-setting), and rhetoric/success (attraction). While military power is inherently hard, economic resources can be used in 'harder' (e.g. economic embargoes) and 'softer' ways (e.g. foreign investment allocation). Hence, the author's view that the 'hard-soft' divide is insufficient to capture reality. 1.

#### 4. CONCLUSION

The import tariff dispute between the United States (US) and China began in 2018 under the Trump administration. This conflict was triggered by US accusations against China of unfair trade practices, such as intellectual property theft and subsidies, which then triggered tariffs back and forth between the two countries, giving rise to a trade war in the process. The US-China trade war with the import tariff dispute has had a significant impact on the global economy, such as increased import prices, disrupted global supply chains, and reduced business investment. Import tariff disputes and disputes in other trade matters are usually submitted to international bureaus such as the World Trade Organization (WTO), to resolve disputes through international legal processes. The research findings show that although the US and China brought the conflict to the World Trade Organization (WTO), efforts to resolve it through the WTO were hampered by a lack of cooperation between the countries.

The WTO body is used as a place of appeal in a dispute. Dispute settlement through stages outside the WTO body was also undertaken by the US-China through several negotiated import tariff agreements. However, these negotiations ended in failure and the continued imposition of import tariffs. This underlines the importance of international regimes and institutions in managing trade conflicts. The role of the WTO as an international institution has an important role in managing conflicts that occur in countries. State actors still see an important role in the WTO as a channel for resolving trade dispute issues through a series of processes. China has even filed a complaint to the WTO and requested the establishment of a dispute settlement panel, which was also done by the US after the imposition of import tariffs on the grounds that China had stolen Intellectual Property Rights (IPR).

This behavior was coded by Zangl et al. (2011) as Following Procedure action where both countries filed disputes in accordance with existing procedures. But even so, the US ultimately did not fully accept the WTO's decision to reject the US appeal against China. Then through a liberal institutionalist perspective, the trade dispute case highlights the importance of international regimes and institutions in managing trade conflicts. Power is understood not only through material measures such as military strength and economic output, but also through the concept of "complex interdependence," where economic and social issues are considered as important as military issues. International regimes and international organizations, such as the WTO,

play an important role in regulating international relations and facilitating cooperation among states to achieve global trade stability.

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