

LEGAL FRAMEWORKS AND DIPLOMATIC STRATEGIES IN ADDRESSING TRADE WARS: A STUDY ON TRANSNATIONALISM AND INTERNATIONAL TRADE RELATIONS

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Abstract:

This study examines the influence of transnationalism, legal avenues, and diplomacy on contemporary international trading relations and their management of trade wars. Trade conflicts, often manifested as retaliatory tariffs, fines, and protectionist measures, have grown from a mere economic dispute to a complex geopolitical spectacle in this era of increased economic interconnection and geopolitical competition. Trade disputes can be managed more consistently and effectively using, for example, established legal frameworks, such as bilateral trade agreements, GATT, as well as WTO provisions. However, institutional inertia, strategic interests, and unilateral actions are eroding their effectiveness. Diplomacy provides an important and complementary mechanism for mitigating tensions and reaching an agreement by offering flexible and interest-based negotiation options. “While most traditional models of trade regulation are primarily government-centered, the study also emphasizes the contributions of transnational organizations, including NGOs, regional trading blocs, legal networks, and multinational corporations, and their impact on establishing norms, resolving disputes, and accommodating legal plurality in an inconsistent but interconnected global trading order. This study also takes a global look at the multi-level interaction of diplomatic and legal mechanisms for managing trade disputes.”

Keywords: *Trade conflicts, diplomatic approaches, cross-border interactions, economic influence strategies.*

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1. Introduction:

1.1 Legal Frameworks Governing International Trade

“Trading goods across borders is more complex in today's interconnected world than it was in the past, when market forces and the concept of comparative advantage dominated. It the contrary, it has evolved into a site where diplomatic techniques, legal frameworks, and political agendas converge, molding the actions of both state and non-state players. In the greater geopolitical struggle for influence, security, and economic domination, trade today serves as both a weapon and a battlefield. Trade relations management is undergoing a sea change, with new forms of international collaboration, rivalry, and conflict

emerging in response to shifting global power dynamics. Trade wars, characterized by economic coercion, sanctions, embargoes, and retaliatory tariffs, have become an integral part of modern geopolitics in this context, posing a threat to established norms of global economic regulation (Jackson, 2018).”

“A trade war signals a more profound problem when considered a trade conflict. These disputes commonly begin with trade issues related to subsidies, intellectual property precedents, or trade deficits, but frequently devolve into diplomatic and litigation standoffs that call into question the legitimacy and efficacy of the entire international trading regime. The trade conflict imbroglio between the US and China that chundered forward beginning in 2018 is a useful case in point. An overarching clash of ideology, technology, investment,

supply chains, and trade misbehavior quickly ramped up beyond the initial framework. The contest found a way not only to directly impact both countries, but it also cast a long shadow over the international economy, blocking supply chains, shaking global markets, and repositioning trading blocs. To add to the analytic complexity were the subsequent EU-UK trade negotiations, also Pop Brexit, creating a complex stew of identity, sovereignty, and legal jurisdiction mixed with trade. Sanctions on Russia, Iran, and North Korea are another example of how trade can provide foreign policy that has the potential to economically isolate nations without the use of reciprocal force.”

These examples illustrate how the liberal economic order built on free markets, multilateralism, and post-WWII legal institutions begins to disintegrate. The World Trade Organization (WTO)³ and other similar entities have faced increasing scrutiny for their roles in settling disputes, upholding agreements, or discussing trade. The WTO's Dispute Settlement Mechanism, once seen as a remarkably positive development for enforcement in international law, has gone dormant since 2019 because the United States refused to name additional judges to the Appellate Body. Thus, countries are abandoning international agreements they once aimed to uphold and are opting for unilateral or bilateral agreements. The legal institutions established by GATT and all subsequent agreements within the WTO had aimed to prevent it from falling apart. However, when countries' strategic imperatives contradict their legal obligations, they commonly rework or mask, with ambiguous terms like national security provisions, their legal obligations that lead to an undermining of the regime's fundamental norms (Abbott,2020).

Governments are shifting toward diplomatic maneuvering to manage trade disputes and resolve trade grievances due to these limitations. These actions include participation in institutions that represent sovereignty, such as the G7, G20, ASEAN, and APEC, after which summit meetings, back-channel diplomacy, and discussions at the highest level fill in the gaps.⁴ While diplomacy continues to approximate dispute resolution, actors trade the legalistic norms of dispute resolution for a more open-ended, interest-based negotiation of their dispute. The trade disputes that were discussed and mediated by specialists and political leaders were formally sanctioned under the terms of the G7/G20 coalition. Negotiators travelled all around the world for bilateral meetings to reach the

United States/China 'Phase One' trade agreement to resolve longstanding trade disputes in 2020. None of these meetings or agreements were conducted in conformity with the legal regulations of the WTO. The active role diplomacy plays an important, but it raises legitimate concerns about accountability, fairness, and transparency by depending on power dynamics and political will as the basis for the 'rule of law'. Further complicating it, the relationship between diplomacy and law is inconvenient (and sometimes hostile), as parties are sometimes found to utilize informal, backdoor discussions to delay or avoid legal obligations, and diplomatic practice sometimes includes actual legal proceedings.

This is the situation that transnationalism is intended to account for. Transnationalism describes the rise of actors, networks, and processes that operate across national units, undermining the primacy of the sovereign state as a governance system. In the area of trade, transnationalism indicates how MNCs, NGOs, advocacy networks, regional governance, and global supply chains affect economic outcomes. These actors have economic interests, which means that they are not bound by territorial borders like the states that govern trade, and their influence sometimes borders on direct influence on traditional diplomatic and legal processes. For instance, global organizations like Apple, Huawei, and Amazon each deploy their version of trade-diplomacy activities, including lobbying, lawsuits, and influencing trade, by virtue of their economic power. Ideally, civil society organizations present an equally compelling trade agenda in favor of justice, labour rights, environmental protections, and consumer standards, routinely participate in transnational advocacy networks in support of domestic and international agendas (Risse,2007).

The transnational perspective also foregrounds globalization as a dense, interdependent web, where the consequences of one actor's actions in one jurisdiction can have cascading effects globally. This interdependence makes the situational enforcement of trade rules and the resolution of trade disputes complicated. Legal rulings by state and federal courts, regulatory action by regional bodies, and sanctions imposed by one country can all reverberate through global markets, inciting diplomatic fallout and legal responses in a variety of forums. For this reason, trade governance can no longer be narrowed to bilateral or multilateral treaties; it must now account for transnational legal procedures, regulatory structures,

³ The World Trade Organization (WTO)

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as the G7, G20, ASEAN, and APEC, after which summit meetings, back-channel diplomacy, and discussions at the highest-level fill in the gaps.

and informal expectations and behaviors across borders. Lastly, trade disputes are increasingly multi-actor, multi-level, particularly as they involve various regulatory actors. A view which involves these actors, and not just the parties to the dispute, will preclude simple, single-track approaches to dispute resolution and conflict management.

In the end, the connection between law, diplomacy, and transnationalism is indicative of a larger transformation, which includes global governance. The world increasingly rejects a system where international law was solely within the purview of sovereign states, towards one that is more networked, pluralistic, and contested. The resolution to trade disputes now, more than ever, relies on more than the formal adjudication of law or a diplomatic concession, but rather on the actions of corporations, civil society actors, regional blocs, and informal networks that shape not just states' behaviors but also affect institutional outcomes. The study adopts a transnational perspective to analyze the phenomenon of trade wars, understanding that the complex and volatile nature of trade relations cannot be fully understood without acknowledging how legal regimes, strategies of diplomacy, and multi-state non-state actors operate in concert (Keohane, 1973).

1.2 Understanding Trade Wars: Definition, Dynamics, and Global Implications

Trade wars occur when countries mutually impose trade barriers, often tariffs, import quotas, or export restrictions, to protect their domestic industries from competition with foreign markets. The country initiating a trade war is typically doing so under the guise of defending national economic interests, decreasing a trade deficit, or promoting "strategic" sectors. However, instead of correcting trade imbalances, while anticipating that its actions will not result in retaliation from the victimized country, the initiating country is often responding to a foreign action that created the trade imbalance. Consequently, its actions may spark retaliation from the foreign country, and the ongoing situation creates a cycle of protectionist policies and significant economic conflict in the international markets (Irwin, 2017).

While trade wars may yield short-term advantages for certain domestic industries, such as temporary job preservation or relief from price competition, they usually generate long-term negative repercussions. These include:

- ❖ Breakdown of worldwide supply chains, especially in industries like electronics, automotive, and agriculture.
- ❖ Higher costs to consumers and manufacturers due to tariffs increasing the cost of imported goods and imported intermediaries.

- ❖ Loss of investor confidence and an increase in economic uncertainty restrict cross-border investment.
- ❖ Loss of export potential, as retaliatory measures prevent access to foreign markets.

A timely and major example is the U.S.–China trade war (2018–2020), initiated by the U.S. Trump administration, that imposed tariffs on hundreds of billions of dollars of Chinese imports, citing theft of intellectual property, technology transfers under duress, and other unfair trading practices. China, in turn, retaliated with tariffs on American agricultural goods, industrial goods, and services. The economic fallout of this trade war affected far more than just the bilateral relationship. Global markets were destabilized, multi-national businesses faced increased input costs, and countries such as Vietnam, South Korea, Germany, and Mexico that were embedded in U.S.-China supply chains also felt the consequences. Furthermore, the trade war indicated the limits of multilateral institutions that exist, such as the WTO, in either mitigating or resolving major economic conflicts.

1.3 Importance of Legal Frameworks in Regulating Trade Relations

Legal frameworks, both national and international, are foundational to present state-based global trade because these coordinated and institutionalized systems provide a framework with standardized rules so that countries, businesses, and consumers can engage in economic exchange. Legal frameworks can take various forms of binding agreements, legal instruments, and domestic trade laws including regional and multilateral agreements (WTO agreements, General Agreement on Tariffs and Trade (GATT), and Free Trade Agreements (FTAs), or specific trade laws applicable to domestic situations like anti-dumping, countervailing duties, or export controls (Khan).

On a global level, the WTO and GATT set multilateral rules regarding non-discrimination, transparency, and the gradual reduction of trade barriers. Bilateral and regional agreements provide preferred terms streamlined between two countries or regions. They also serve to provide certainty of law, equal treatment of trading partners, and access to independent dispute-settlement mechanisms through the WTO Dispute Settlement Body (DSB). On the national level, countries enact laws to protect their economies against unfair trade practices, such as subsidized imports or dumping (selling goods below market value), and to enforce intellectual property rights, sanitary standards, and environmental regulations. These domestic laws are ideally aligned with international commitments to avoid conflict and promote harmonious trade relations (Zamfir, 2009).

Legal frameworks play several key roles:

- ❖ **Assisting Dispute Resolution:** Depending on the dispute resolution mechanisms, legal systems provide arbitral forums that are more legally neutral or at least based on codified rules of law and not political power.
- ❖ **Ensuring Fairness:** These rules prevent monopolistic behavior, subsidies from a state that distort markets, and additional conduct that impairs the ability to play by the rules of international trade.
- ❖ **Protection of Intellectual Property:** Agreements such as the TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreements aim to help ensure consistent protection for applicable issues of IP, which play an important role in the movement of innovation and technology transfer across borders.
- ❖ **Protection of Market Access:** Legal agreements with market access assure that access to a market will not be arbitrarily withdrawn when offered.

Nonetheless, the effectiveness and legitimacy of these legal frameworks are increasingly being challenged. An increasing number of powerful countries have decided to take matters into their hands and impose tariffs or sanctions without reference or use of the legal frameworks, claiming reasons such as national security or strategic interests. The U.S.'s application of tariffs on Chinese goods and steel imports through Section 301 and Section 232 of its domestic trade law was consistent with this pattern of behavior, as the countries acted outside WTO procedures, and prompt retaliatory efforts followed.

Unilateralism, through which states refuse to comply with multilateral agreements and impose tariffs or other restrictions contrary to established global trading norms, intensifies the credibility problem of multilateral institutions by setting a precedent for power politics to take precedence over rule-based cooperation, creating a fragmented global trading order. Increasingly serious challenges to the WTO's DSB from the practical restrictions imposed by the superpower have severely limited the use of the DSB to resolve trade disputes, as the refusal of the US to appoint new members to the Appellate Body has hindered dispute resolution by causing uncertainty and delays. Overall, legal frameworks play a crucial role in ensuring transparency, stability, and fairness in international trade. However, it is imperative to fortify and reform their role in the current geopolitical context, technological developments, and new economic realities. Absent credible enforcement and global compliance, even the most comprehensive legal

frameworks run the risk of becoming irrelevant in the face of economic nationalism and strategic rivalries (Howse, 2005).

1.4 The Role of Diplomatic Strategies in Trade Wars and International Trade Relations

In the complicated world of international trade, legal frameworks are often inadequate to prevent or resolve complex disputes. The formal international trade law provides a set of rules and structures with which disputes can be resolved; however, it is often action by diplomats that either stops disputes from escalating into confrontation or directs conflicting parties towards an acceptable compromise. Diplomatic action encompasses a wide set of activities, including but not limited to bilateral and multilateral negotiations, economic dialogues, summit diplomacy, trade diplomacy, back-channel discussions, and engagement by the international community, such as the WTO, G20, ASEAN, and BRICS. These action-oriented diplomatic processes help align, not always easily, national interests with global responsibilities, norms, and rules, and facilitate cooperation in times of economic tensions. Trade disputes also increasingly occur amid considerations of national security, geopolitical preferences, and technological sovereignty. Therefore, the role of diplomacy as a factor to reduce risks associated with trade wars has never been more important to ensure predictability and stability in the world economic system (Gatlin, 2024).

At the core of the diplomatic process is the understanding that trade disputes are not usually very plainly legal or economic disputes, but are generally reflective of larger political, strategic, and/or cultural contests. The countries involved in disputes tend to always attempt to resolve the conflict through diplomacy before pursuing legal options, because the dispute may be resolved through a negotiated settlement that is faster, more flexible, and less adversarial. Bilateral trade negotiations allow countries to engage with each other on specific complaints, like trade imbalances, tariff schedules, or non-tariff barriers to trade, which they can address confidentially and in greater detail than exists in any WTO litigation process. Diplomatic negotiations may include flat-out talks between heads of state, trade ministers, or designated envoys, with backup from Chapters of Commerce and/or technical committees or working groups with responsibility to "iron out" sectoral issues (Ruffini, 2016).

Another important tool is the utilization of economic dialogues and strategic consultations. Countries regularly engage in dialogues, which are ongoing discussions managing their economic relationship. Examples are the U.S.-China Comprehensive Economic Dialogue, the EU-India Trade and Technology Council, or the Japan-EU Economic

Partnership Agreement Committee. Economic dialogues can facilitate ongoing dialogue, monitor implementation of agreements, and identify potential flashpoints. Economic dialogues do not just deal with trade issues of the moment; they create trust and institutional memory, so that when there is a significant issue, states are more positioned to respond. This kind of diplomacy is preventative, trying to reduce tensions before they develop into retaliatory measures and then trade wars.

Like multilateral diplomacy, multilateral diplomacy operates in coordination with diplomacy within international institutions. Institutions such as the WTO, the UN Conference on Trade and Development (UNCTAD), the Organization for Economic Co-operation and Development (OECD), and regional trade blocs themselves represent venues for diplomacy. Typical modalities of diplomacy operate when state actors set out their trade interests, participate in negotiations on rule-making, and problem-solving on global problems fueled by, for example, ongoing questions of enhancing global digital trade governance, climate change trade measures, and pandemic-related disruptions to supply chains. Here, diplomacy helps build consensus amongst multiple stakeholders, balancing the interests of developed and developing states, and maintaining systemic stability. The WTO is a more direct application of multilateral diplomacy, by way of the WTO Ministerial Conferences and Trade Policy Reviews, through which opportunity exists for diplomatically raising problems, reform suggestions, and tensions on trade-related matters, rather than taking up the formal dispute resolution process. Summit diplomacy is especially important during trade disputes. High-level interactions, with presidents, prime ministers, and foreign and trade ministers all acting as critical points in trade negotiations. The G7, G20, and APEC meetings create executable and symbolic opportunities to fix strained relationships and get stalled negotiations back on track, sometimes after long periods, just by getting together. The recent signing of the U.S.–Mexico–Canada Agreement (USMCA) came about following a significant amount of trilateral diplomacy and high-level summitry, highlighting how leadership engagement showed the commitment of the three parties to get through a complicated trade situation. Similarly, trade negotiations with China and the U.S. during both the Trump and Biden administrations were characterized by summit-type communications and top-level envoy exchanges, even in the face of heated rhetoric and retaliatory tariffs.

At the post-litigation stage of trade disputes, diplomatic tactics are also necessary. Bilateral or multilateral political engagement may be required for

outcomes where compliance, implementation, or monitoring of a settlement occurs. WTO panels or appellate bodies cannot enforce legal decisions without the political will of the parties to comply. Diplomatic engagement often becomes the way to adjust policy to legal decisions. For example, countries may agree to phase out illegal subsidies over a given period, renegotiate specific obligations, or provide concessions in an unrelated area in exchange for either an end to the dispute or implementation of the decision. This points to a fundamental reality in international relations, where law is the script, but diplomacy is the performance (Klein, 2010).

Another crucial aspect of diplomacy in trade relations is the importance of soft power and informal diplomatic tools, including business diplomacy, exchanges among think-tanks, academic exchanges, and civil society exchanges. These exchanges provide opportunities to shape public narratives, mitigate tensions, and build political momentum for the formal negotiation processes. For example, trade and business councils may provide government officials with information and insights to shape government decision-making as nominally free-market representatives of the private sector, while the category of cultural diplomacy could defuse nationalist backlash to trade liberalizations. Taken together, this broader understanding of diplomacy recognizes that diplomacy is a multi-layered process, which involves many actors in addition to state officials.

1.5 Transnationalism and Trade Governance

Transnationalism emerged as an important consideration of contemporary global governance, particularly regarding trade. For most of the 20th Century, trade relations were studied through a state-centric lens in which sovereign states were the only units of concern. The government's sole function was to climax in treaty signing, dispute resolution, and enforcement of trade norms through multilateral institutions. However, the framework ceased to hold after the expansion of global markets, the rise of multinationals, the proliferation of NGOs, and the emergence of global civil society. Transnationalism describes the multilayered and cross-border interaction of non-state and state actors that together shape, influence and in some instances sidestep formal governance structures. In trade governance, transnationalism suggests a change from a hierarchical and state-centric dominated order towards a move towards more polycentric governance systems as well as networked governance structures in which the governance of different systems becomes spread out (Hughes, 2006).

One of the clearest expressions of transnationalism in trade governance is the role of MNCs (multinational corporations), which often have financial and

technology power that rivals or exceeds small nation-states. MNCs directly participate in trade policymaking, sometimes formally in committees or lobbying, but more typically as informal networks and partnerships. For example, when it comes to trade disputes related to digital services or technology transfers, companies like Apple, Google, Huawei, and Amazon will influence the debate before any policy or legal rulings emerge, via market actions, court challenges, or diplomatic engagement. These companies' interests are transnational. Their products rely on global supply chains, their customer bases are international, and they invest across borders. Moreover, they advance governance mechanisms that allow redress beyond national boundaries. This intertwining of public policy and corporate strategy is relevant when they recognize that many trade agreements increasingly are about data governance, intellectual property rights, digital taxes, and technology standards, where corporations are critical stakeholders.

In addition to corporations, non-state actors, such as NGOs, think tanks, labor unions, and advocacy groups, that engage in trade governance with transnational perspectives, influence the contours of trade governance through policy debates that define issues in human rights, environmental sustainability, labor standards, or public health. The global efforts to defeat ISDS mechanisms that permit private corporations to sue governments under established trade agreements are primarily led by coalitions of transnational civil society. For example, Zachary observed environmental groups mobilizing against trade-related provisions and agreements that obstructed efforts to mitigate climate change or protect biodiversity. These actors work across borders to build coalitions, construct transnational advocacy networks, and use pressure to promote trade governance elements aligned with broader societal values and ecological goods. Their mobilization represents a bottom-up challenge to a regime of trade from above, although they are also introducing normative questions to what has up to now remained a subject primarily engaged with economic and strategic frameworks. The development of transnational legal processes exemplifies the emergence of a pluralist approach to trade governance. Legal scholars and practitioners alike are moving from an intergovernmental modality of dispute settlement (e.g., the WTO's Dispute Settlement Body) to a more complex array of available legal forums - whether regional trade tribunal, domestic court, investor-state arbitration panel, or hybrid international institution - for contestation and enforcement. This fragmentation of trade law brings both challenges and opportunities. It can generate inconsistencies, jurisdictional complications, and legal uncertainty; nevertheless, it

can also generate opportunities for actors, especially marginalized populations or developing countries, through forum shopping, norm entrepreneurship, and experimentation with models of regulation. For example, transnational legal networks have played an important role in establishing norms about e-commerce, cybersecurity, and cross-border data flows even before the development of any formal treaty (Dingwerth, 2015).

Transnationalism is also a context through which trade disputes are managed and understood. Instead of presenting themselves simply as dyadic state-versus-state disputes, many contemporary trade disputes involve multiple stakeholders across jurisdictions. The U.S.–China trade war is a prime example. This was a nominally bilateral dispute, but its influences reached thousands of firms, workers, consumers, and governments throughout the world. The indirect effects from the U.S.–China trade war included new supply chains established in Southeast Asia, manufacturing outside of China established or reconfigured in Mexico, and any policy responses within the European Union. Transnationalism allows us to think about these indirect and direct effects in a systematic way as well as to understand how non-state actors respond, moderate, or even link trade disputes to their interests, or as part of a broader strategy. For instance, some Southeast Asian governments actively marketed their countries as low-risk alternative manufacturing locations to capture investment withdrawing from China. In the U.S., industry associations lobbied on behalf of their members, arguing tariffs were limiting the competitiveness of their products in the global market, and they were unwittingly part of domestic political debates through transnational trade actions.

Transnationalism in trade governance highlights the plurality of actors, norms, and institutions that shape how trade disputes are initiated, managed, and resolved. It compels a departure from purely statist models of international relations and encourages a more nuanced understanding of how global economic governance functions in practice. By recognizing that power is diffused, not just among states but among a wide array of transnational actors, this perspective offers deeper insight into the complexities of modern trade conflicts and the pathways available for their resolution. This study adopts a transnational approach not only to account for the diverse range of actors involved in trade governance but also to explore how legal and diplomatic strategies are increasingly informed by cross-border networks, multi-level negotiations, and collaborative problem-solving models that transcend national boundaries. In doing so, it contributes to a more inclusive and realistic

understanding of international trade governance in the 21st century (Roger, 2016).

2. Review of Literature:

“Akinsola, O. K. (2025) claimed that in today's internationally integrated economy, multinational corporations (MNCs) have significant challenges when formulating their business strategies due to the complex web of international trade regulations. Rules governing international trade can have an impact on supply chain management, competitive positioning, and market entry through mechanisms like tariffs, customs fees, export controls, trade agreements, and economic sanctions. Following frameworks like the World Trade Organization's agreements, regional trade pacts like the USMCA and the EU Single Market, and national rules like China's Anti-Monopoly Law and the U.S. Foreign Corrupt Practices Act are crucial for reducing legal risks and maintaining stable operations. Among the significant legal hurdles brought to light in the examination of the strategic implications of international trade laws were intellectual property rights, anti-dumping regulations, dispute settlement procedures, and cross-border taxation. It goes even farther into how economic sanctions and shifts in trade policy (like Brexit or the relationship between the United States and China) affect business choices. Proactive risk management, improved regulatory compliance frameworks, and trade facilitation programs are essential for multinational firms to optimize their global operations. Adapting to evolving trade regulations, developing compliance and legal teams, and connecting corporate strategy with shifting global trade policies are all things that businesses may learn from this study's case studies and legal assessments. In addition to bolstering resilience and opening doors to new opportunities in the global economy, this can assist firms with lower operational, reputational, financial, and financial risks.”

“Sacerdoti et al (2023) looked at how state interventionism regulation in international trade has changed over time, focusing on the current systemic risks to the multilateral trading system and the ongoing disagreements about the future of subsidies and treaty control of state businesses. One of the biggest issues confronting the World Trade Organization (WTO) right now, according to recent studies, is state-owned businesses (SOEs) and subsidies. Nevertheless, when viewed through the lens of the current crisis, structural issues, and increasing politicization of trade relations worldwide, this matter undoubtedly warrants additional consideration. Examining the mechanisms at work in the long-term decline of the World Trade Organization (WTO) and the potential for reforming multilateral trade rules to tackle these systemic issues, this study considers the COVID-19 pandemic, climate change, the greening of economic production and

international trade, and the increasing political interferences with international trade flows. According to the findings, the rules put in place by the World Trade Organization are not enough to deal with these problems. Like the GATT period, it concludes that pragmatism is the only way to find solutions to the growing frustration with negotiating paralysis and, in the end, to modify the system. However, the fundamental issue is whether they can find a way to rethink, alter, and build multilateral regulations that consider a variety of social, economic, and political possibilities and can ensure that all members, regardless of size or income, are on an equal footing.”

“Alhasan, beyond the more typical bilateral frictions, provided additional levels of complexity to international trade by interfering with integrated supply chains in fields like geopolitics, economics, and technology. The WTO Dispute Settlement Body (DSB) and other conventional adjudicatory systems face several challenges, including political deadlock, declining public trust in the Appellate Body, and problems with procedural delays. This paper focuses on arbitration as a potential solution to modern international trade problems due to its adaptability and ongoing development. Due to its speed, secrecy, and procedural flexibility, arbitration might considerably improve the WTO system, according to the research, which uses case studies and comparative legal analysis. Among the many substantial challenges that arbitration faces are issues with enforcement, jurisdictional overlaps, conflicting legal standards, and the reluctance of states to relinquish regulatory authority. The study evaluates new ways of dealing with these issues, including hybrid tribunals, quick-track processes, and emergency interim remedies. It proposes integrating WTO principles into arbitral decisions, promoting institutional collaboration, and pursuing certain legislative actions to achieve a compromise between sovereign interests and the requirements of global trade governance.

Anyalebechi examined in which Recently, worries about trade wars and protectionism have risen to the top of international politics, making it hard to see international economic cooperation continuing to expand. Consequently, this study set out to analyze the strategies employed by the two countries in the ongoing trade war between the United States and China, as well as the immediate and distant consequences of this conflict on global production and distribution networks. Mercantilist Theory, which states that nations can enrich themselves through protectionist measures and trade surpluses, formed the basis of the study. The study used a qualitative approach and used content analysis to sift through secondary sources of information, such as textbooks, government publications, international news outlets,

and relevant websites. The results show that the U.S.-China trade war had a negative effect on important industries, led to the loss of jobs, and increased consumer prices. Due to the restructuring of the global supply chain, businesses shifted their focus to Southeast Asia. The war reflected deeper geopolitical tensions between the two nations, which were competing for economic autonomy and strategic dominance. Nations should use diplomacy to avoid trade conflicts, resolve disputes through multilateral organizations such as the WTO, encourage cooperative global trade relations, protect local industries and citizens' well-being, and ultimately bring about world peace.

Asere et al (2024) stated that commercial disputes involve numerous interrelated factors in today's interconnected world. This study delves deep into the causes, repercussions, and potential solutions of economic conflicts. By delving into the origins of economic conflicts, which may include resource competition, geopolitical tensions, and trade disputes, the research sheds light on how these conflicts impact governments, businesses, and society at large. To better comprehend conflicts, this study explores several theoretical frameworks and actual data that contribute to this understanding. It delves into the monetary, political, and social facets of these wars, as well as their impacts on various national levels. Additionally, the research delves into how the economic costs of wars, such as reduced trade, investment uncertainty, and market volatility, impact development and progress in the long run. This study also examines current strategies and methods for resolving conflicts, such as economic diplomacy, international institutions, and diplomatic talks. This research aims to provide a critical examination of current ways that encourage amicable and mutually beneficial settlements to economic conflicts. Its purpose is to aid in the design of innovative approaches in this area. The end goal of this research is to increase our understanding of economic disputes, their causes, and potential solutions. It aids in the reduction of risks, the enhancement of economic stability, and the cultivation of long-term, mutually beneficial economic links around the world by helping academics, policymakers, and businesses better comprehend the complexities of these conflicts."

Trubek et al (2000) analyzed the possibility of transnational lobbying and regimes bolstering national labor laws and institutions in an intricate network of interdependence to preserve strong industrial relations systems amid increasing economic integration. They look at what needs to be in place for a global strategy to address issues and suggest that it may work in tandem with national systems. In addition to analyzing different people and places that might foster

transnationalism, they provide instances of transnational campaigning and regime building. They deduce that there are parts of the globe where a multi-tiered public-private transnational system already exists, and that these parts of the world can blend at times. To build a transnational multi-level regulatory framework that works and lasts, the authors argue that regional integration pacts, such as the European Union and NAFTA, are better. Our preliminary investigation into international advocacy and regulation reveals, however, that no fully functional framework has emerged in either of these areas.

Islam et al (2019) understood globalization and its impact on international trade. International business refers to the exchange of products and services between businesses and persons located in different nations. The topic of international business has captured the attention of C-suite executives and sparked interest across all sectors, coinciding with the acceleration of globalization. The information for this study came from books and articles written about the effects of globalization on global trade. The methodology relied on prior studies that dealt with the same subject. Multinational firms face both opportunities and risks because of modern-era globalization and country disparities. Keeping this in mind, it is critical for corporate organizations to set resolutions, implement adjustments, and manage their ongoing international activities while keeping the ever-changing globalized business environment in mind. This study examined the impacts of various forms of globalization on international business. How well a business handles international trade, outsourcing, and absorbing foreign knowledge pertaining to operational efficiency. Its expansion is attributable, in part, to the decriminalization of cross-border travel, but also to rising incomes, better technology, and cooperation agreements among states.

3. Research Gap:

While previous studies have significantly contributed to understanding the legal, economic, and geopolitical complexities of international trade relations, a crucial gap remains in integrating these perspectives into a unified framework that addresses the evolving challenges of trade wars in a transnational context. Existing literature, such as Akinsola's focus on corporate compliance strategies, Sacerdoti et al.'s analysis of systemic crises in multilateral trade, Alhasan's exploration of arbitration mechanisms, and Anyalebechi's political-economic study of the U.S.-China trade war offers segmented insights but lacks a comprehensive analysis of how legal frameworks and diplomatic strategies jointly function to mitigate trade conflicts in an increasingly multipolar and technologically complex world. Moreover, while the decline in confidence in WTO mechanisms, the rise of

bilateralism, and the politicization of trade have been discussed individually, limited attention has been paid to how transnational legal diplomacy can reconcile sovereign interests with the goals of global trade governance. This research, therefore, aims to bridge that gap by synthesizing legal, diplomatic, and strategic dimensions within a transnational framework to propose viable, reform-oriented responses to modern trade wars.

4. Research Objectives:

- To assess how international legal frameworks (like WTO rules and trade pacts) help in resolving trade wars.
- To study the role of diplomatic strategies in reducing trade tensions and promoting global cooperation.
- To explore the impact of transnationalism on modern trade governance and conflict resolution.

5. Research Questions:

- How effective are international legal frameworks like WTO rules and trade agreements in addressing trade wars?
- What role do diplomatic strategies play in managing trade conflicts and fostering international cooperation?
- How does transnationalism shape the governance and resolution of modern international trade disputes?

6. Variables of the study:

- **Trade Wars:** A trade war is an economic conflict often resulting from extreme protectionism, in which states raise or implement tariffs or other trade barriers against each other as part of their commercial policies, in response to similar measures imposed by the opposing party.
- **International Trade Law:** International trade law encompasses both local and international treaty-based law, and it is responsible for governing the laws and conventions that govern trade between countries at the international level. It encompasses domains including the exchange of commodities and services, investment, and the protection of private intellectual property. Because it is responsible for the administration of multilateral trade agreements, the World Trade Organization (WTO) plays an important role in this sector.
- **Strategic Diplomatic Approaches:** In the context of the international arena, diplomatic

strategies refer to the techniques and methods that nations and other international actors employ to accomplish their objectives. Many different methods, such as negotiation, communication, connection development, and the promotion of interests, are utilized in the execution of these tactics. To successfully navigate international relations, facilitate the resolution of conflicts, and encourage collaboration among states, these are necessary.

- **Transnationalism:** Transnationalism refers to the social, economic, and political processes that extend beyond national borders, creating connections and interactions between people and institutions across different countries.
- **Economic Statecraft:** Economic statecraft describes the various economic tools countries use, such as lending, foreign assistance, sanctions, and trade agreements, to advance their foreign policy priorities. Certain tools are intended to influence other countries through coercion.
- **Trade Diplomacy:** Trade diplomacy seeks to create an environment conducive to free and fair trade, ensuring that nations can engage in commerce under mutually beneficial terms.

7. Methodology:

This research uses the examination of secondary data to describe how legal mechanisms and diplomatic mechanisms are shaping the course of trade wars through transnational actors' theories and international trade relations. Secondary data was collected with a narrow literature review through several journals, academic articles, policy documents, WTO documents, bilateral and multilateral trade reports, and material from transnational organizations, like the United Nations and World Trade Organization. The articles were collected through reputable sources, from Government archives to academic web pages through the library at the researcher's previous University using JSTOR and Scopus databases. The approach of literature review is largely construed from thematic analysis to identify thematic patterns and trends among a particular set of trade diplomacy actors, foreign actors, trade law reform actors, and general trends among foreign actors changing behavior. This section will address the study as critically engaged in the examination of international legal actors, mechanisms, and diplomatic mechanisms in cases of trade to settle, resolve, and manage trade conflicts that undermine sovereignty and global governance, to identify data-rich information that speaks to new transitional diplomatic strategies of actors in transnational trade diplomacy.

8. Discussion:

8.1 To assess how international legal frameworks (like WTO rules and trade pacts) help in resolving trade wars.

In today's global economy, international legal regimes are playing an increasingly important role in the resolution of trade wars and disputes. International trade has its legal system, made up of multilateral agreements, such as the World Trade Organization (WTO) rules, regional trade agreements, and individual nations' laws. This legal system is predicated upon and designed to facilitate international trade so that businesses can trade with one another in a fair, transparent, and lawful way, but according to their rights. When countries fight over trade, countries engage in retaliatory trade behaviors that regress and use other forms of protectionism that seek to indefinitely harm open and free markets and reduce their discriminatory practices in trade. The WTO has been around since 1995 and is responsible for regulating trade. In the WTO era, the WTO DSM, as a component of multilateral economic governance, served as a legally binding source based on WTO rules and principles beyond the DSM, such as the WTO rules' Most-Favored-Nation (MFN) Treatment and National Treatment. These norms seek to prevent countries from treating one another unfairly in trade or affording unfair advantages to their businesses and industries in trade. From a governmental perspective MFN and National Treatment are legally binding; however, they also serve as diplomatic devices with agreed expectations about countries should govern themselves when it comes to trade issues between one another. The Dispute Settlement Body (DSB) of the WTO is the most significant component of the WTO framework for addressing trade wars. Simply put, the DSB enables member countries to report trade problems and receive a decision on the problem from a panel of trade experts. The Appellate Body can hear appeals from the DSB decision. The core function of the DSB is to take trade disputes from the unilateral retaliation phase to a structured rule-based adjudication phase, which will provide stability to the world economy. The WTO was able to provide a legally sanctioned means to resolve the high-profile U.S./EU trade dispute regarding subsidies to Boeing and Airbus rather than an uninterrupted series of retaliatory tariffs. The DSB is a valuable mechanism to avoid trade tensions from worsening and get parties to the negotiating and compliance stage. The DSB is a solid foundation, but the WTO Dispute Settlement System faced significant challenges in recent years primarily due to political gridlock, which rendered the Appellate Body of the DSB inoperable. This limitation compounded the difficulties encountered by the WTO

in creating functioning trade rules and initiated calls for a reform process.

Trade agreements are also important for ending trade wars because they help members trade in a stable way. For instance, even though there are still a lot of trade wars going on, member countries promise to be open and honest about how they do business. Members of the WTO must let each other know about any trade measures that are already in place and any new laws, measures, or policies that could influence trade. Trade agreements help build trust between trading partners by making policies clear and predictable. This reduces the risk of arbitrary decisions. To be clear, policies that help end trade wars are a part of trade agreements in international trade. International legal frameworks also help with capacity building and technical assistance, especially for countries that are still developing. The WTO's Trade Facilitation Agreement (TFA) is one example. Its goal is to lower trade costs and make cross-border trade more efficient. These kinds of steps can help weak economies stay in the global trading system during a trade war without using protectionist tactics and with more access to legal recourse instead of acting alone. Countries will feel more comfortable promoting long-term stability and fairness in the global trade system and more trust in the legal frameworks for resolving economic conflicts that are also more socially sustainable when they know they have helped build capacity in areas like trade facilitation and will continue to be involved throughout the agreement.

Legal frameworks can enhance international cooperation and diplomacy by institutionalizing negotiation procedures and dialogue forums. Trade policy review processes, ministerial conferences, and legal consultations are all regular meetings where countries with complaints can come together and find common ground. These forums are a way to make diplomacy a permanent part of the legal process for dealing with complaints, instead of using political dialogue to further political self-interest. Politically, trade wars are caused by worries about national security, strategic rivalry, and populist demands. Legal diplomacy is a good way to deal with legal issues without being affected by political reactions or losing trade power and authority. There is a place for legal action, but it has a lot of limits. Some people say that most legal systems are too slow, too hard to understand, and too technical, and that they can't handle new problems like digital trade, tariffs on climate change, or competition in technology. When powerful countries break the law or use economic pressure, it makes the law, institutions, and the WTO less legitimate. As they saw with the U.S.'s enforcement of tariffs on Chinese imports under Section 301, where the U.S. avoided a legitimate WTO dispute mechanism and was criticized by economists

for breaking multilateral principles, some countries have become picky and used double standards when it comes to following the law. They can all agree that the longer it takes, the more selective compliance or outright violations lead to mistrust by modern states of international legal systems. Because of these changes, more scholars and policy advisors think that they need to change the current legal systems to make them more flexible, open, and adaptable so that they can deal with the problems of the 21st century.

8.2 To study the role of diplomatic strategies in reducing trade tensions and promoting global cooperation.

Given the complicated and interrelated nature of global trade relations, diplomats have the necessary to support states throughout tensions, avoiding the escalation of trade disagreements and working to achieve equilibrium throughout trade relations. Globalization has hastened the overall volume and speed of cross-border trade. Conflicts between states are occurring with greater frequency for values ranging from tariffs and trade barriers to market access. In such a complex environment, diplomacy is not just an area of support; it is a strategic imperative that can be used by states to protect their domestic economy while also maintaining amicable relations. Thus, diplomacy is relevant because the complexities of law and politics can be addressed through various forms of diplomacy to uncover negotiation, compromise, and collaboration. Whether through bilateral talks, conventions, summits, and opportunities for soft-power negotiations, through diplomacy, states can create flexible positions to settle and establish agreements. To accomplish this goal, as a final focus, it is worth noting that states can also utilize different approaches to diplomacy by establishing quiet individual diplomacy, mediation, public diplomacy, and economic statecraft, all of which can be connected and carried out in the given context of a dispute or a long-standing trade relationship.

Bilateral diplomacy is one of the most wielded mechanisms for alleviating trade frictions. Bilateral diplomacy involves two countries negotiating concerns face-to-face in a non-combatant or adversarial way and sidestepping legal adjudication. Bilateral diplomacy is typically faster and politically safer to implement than multilateral adjudication, especially when the countries have considerable economic interdependence or geopolitical motivations. A prime example is the "Phase One" trade agreement between the United States and China in 2020, which obviously had limitations, but it was the result of months of high-level diplomatic engagement executed to de-escalate a trade war. The advantage of bilateral diplomacy is that negotiation can focus on individual grievances, such as intellectual property

rights or currency manipulation, while leaving other economic relationships intact. While binding WTO decisions carry legal weight for compliance reasons, bilateral diplomacy can routinely produce a definitive resolution in a more direct and timely way, regardless of whether there are enforceable trade rules being violated. Multilateral diplomacy revolves around negotiation through organizations such as the World Trade Organization (WTO), G20, or regional groupings such as ASEAN or the European Union. These structured processes allow for discussion and collective decision-making regarding trade policies, rules, and reforms. Multilateral agreements enable trade and strengthen global cooperation, as they inherently involve multiple parties in the process of negotiating consensus.

In contrast, some states use coercive forms of economic diplomacy and employ tools like sanctions, export controls, and revoking trade privileges to persuade other states to alter their policy positions. For example, the U.S. utilizes economic sanctions to pressure states to desist from actions that the U.S. believes harm its interests, such as nuclear proliferation or the abuse of human rights. These tools, while contested, delineate ways in which trade policy can be administered to achieve an economic objective or a diplomatic objective. Fiscal statecraft is used strategically to mitigate or exacerbate trade tensions based on its purpose, scope of activity, and execution. However, for economic statecraft to be impactful, actors should engage in the deliberate planning of their economic statecraft, develop coalitions of states, and establish the work as part of a longer-term process of diplomacy. Public diplomacy is also gaining importance in influencing trade outcomes. Running specific communication and information campaigns can help a nation develop its international presence, soft power, and public opinion in other countries. For instance, during trade disputes, governments may use the media or provide diplomatic briefings to magnify what moral and legal high ground they hold, which can help lend them sympathy or support from other countries. This form of diplomacy is most important in democracies, whereby public opinion on trade issues shapes policy-making. Governments that transparently communicate their trade plans and engage with their international partners often gain goodwill and decrease the likelihood the other party sees them as unilateral or aggressive. Preventive diplomacy is seen as equally relevant as reactive strategies in many instances. Preventive diplomacy can help see and identify possible flashpoints before they develop into trade relations or trade wars. Early alert systems, continual economic institutions dialogue, and examination of trade policies through Trade Policy Reviews (TPRs) are a few ways countries can see and save themselves

from trade escalation. TPRs are performed regularly by groups like the WTO. TPRs allow countries to examine and adjust their trade policies to best align with global norms rather than unilateral and uncoordinated trade policies. TPRs provide opportunities to give constructive criticism on and make recommendations, and allow delegations of diplomats an opportunity to address trade disputes before they evolve into crises. Track II diplomacy, which provides neutral space for academics, think tanks, and non-state actors to think of options with no preconceptions of needing to achieve outcomes, can also be valuable to where official negotiations have failed, by working concurrently to inform options with each other and then reach agreements. The importance and relevance of regional diplomatic mechanisms cannot go unstated. Regional trading blocs and organizations like ASEAN, AfCFTA, and MERCOSUR are particularly useful spaces to negotiate and mediate cities through economic integration in Southeast Asia, Africa, and Latin America. Regional diplomatic mechanisms define and strengthen ties for the member states, provide collective bargaining power in multilateral negotiations, and harbingers greater economic integration, all of which help avoid the possibility of conflicts. This Transnational diplomacy, which includes non-state actors like multinational corporations, NGOs, and trade associations, is another part of modern trade diplomacy. These people often act as middlemen or facilitators in trade talks, using lobbying, advocacy, and sharing information to sway policies. Their participation helps governments consider different points of view, meet the needs of the private sector, and make sure that trade policies are based on actual economic conditions. For example, multinational companies might talk directly to governments to lessen the effects of tariffs and keep their supply chains stable. NGOs may push for fair trade standards and environmental sustainability, which would make governments include these issues in trade agreements.

8.3 To explore the impact of transnationalism on modern trade governance and conflict resolution

They are now active participants in shaping the direction and purpose of global trade policy. For example, global commodity chains have placed many companies in positions of preparedness for major private non-state actors, pushing companies to the forefront of governments' efforts to regulate trade and investment in a neoliberal era. Issues of trade and investment are increasingly seen by governments through a private sector lens, as this is where significant decision-making power exists in the global

economy. Transnationalism has enhanced the political power of firms on several significant occasions. Kinetic memberships like the International Commerce Association now comprise MNCs and other non-local elements. Sustainability and its goals have been incorporated into diverse non-governmental organizations and multilateral structures with knowledgeable memberships to legitimize their goals, ideals, and issues. These decisions ought to give policymakers pause to reflect on the future of local decision-making and to rethink whether MNCs operate as good 'citizens'. Also critical are transnational legal networks, as lawyers, judges, researchers, and advocacy groups from multiple countries collaborate to reform the law, share best practices, and develop international trade law. Legal norms and practices spread across borders through transnational legal networks. Notably, they seem to provide a global legal order, not reliant on any state or institution. This is particularly interesting when considering that in inter-state dispute resolution (ISDS)⁵, a private investor can sue a state for passing an international treaty-based regulatory measure. ISDS has been recently controversial. It's also an informal way in which global legal orders are addressing issues, which is an interesting new frontier. It may have been a way to avoid commonplace diplomatic and political negotiations, structures, and procedures. They additionally see transnationalism in the development of trade integration, to facilitate trade amongst states, regions (e.g., AfCFTA - Continental Free Trade Area, CPTPP⁶ - Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the EU, and ASEAN). The baseline structure of institutes allows those specific transnational governments to institutionalize laws and dispute resolution frameworks that increase shared values with a shared goal. The EU Court of Justice interprets EU trade law. The legally binding judicial processes of EU member states supersede their state law governing conflicting laws. Regional legal integration is transnational governance that is a multi-state approach that can produce consensus and increase the ease of rules dealing with trade and dispute resolution by demonstrably reducing conflicts between multiple actors. These groups seek to ensure trade agreements reflect a country's principles, which include environmental, labour, and human rights. There are many methods to influence governments, including lobbying, litigating, public advocacy, and multilateral discussions. Just as they pressured states to either add a social clause to a trade agreement or amend trade legislation to help ensure that trade policies and programs were attempting to meet sustainable ends, NGOs would continue to apply their

⁵ inter-state dispute resolution (ISDS)

⁶ Continental Free Trade Area, CPTPP

pressure to trade agreements. Environmental NGOs have been successful in calling for trade agreements to incorporate climate obligations, while engaged labour unions have exercised their influence on trading partners to raise basic national labour standards in global industrial networks.

Civil society organizations and advocacy networks' success suggests a more inclusive and democratic trade governance structure and process where varied perspectives can impact results. Transnational legal duties and state sovereignty create a new tension. States often sign trade agreements, but international legal obligations prevent them from changing their policies. An ISDS clause could challenge a government's public health regulation as a breach of investor rights. This concept raises Democratic Accountability concerns. The importance of nonstate players and international tribunals calls trade governance systems into question. Thus, transnationalism fosters collaboration and norms but must balance global connection and national autonomy.

9. Conclusion:

It is becoming clear that the phenomena that are linked with contemporary international trade cannot be deemed to be the customary practices of law, diplomats, or economists when evaluated in the light of the discoveries that were presented in this research. This is becoming widely apparent as the research progresses. An integrated and transnational perspective on global trade is essential to confront the growing number of trade wars in this era of digital globalization and complexity. This is also the case because global trade is becoming increasingly complex. The necessity of working with legality, diplomacy, and the reach of non-state actors is something that this perspective needs to acknowledge. An investigation into the method by which international regulations, such as those established by the World Trade Organization (WTO), develop norms and enforce dispute resolutions was the objective of this study. Increasing global power disparities, unilateralism, and the deterioration of institutions like the WTO Appellate Body have all contributed to a decline in the role that tradition plays in the maintenance of order in international trade. International laws have historically offered substantial norms for ensuring that global trade is predictable, fair, and based on rules. This is likely because these features have been present throughout history. Diplomacy has been able to play a far more substantial part in the resolution of trade disputes because of the limits that are imposed by legal procedures. When compared to the freedom that legal systems are often able to afford, informal diplomacy, multilateral diplomacy, and bilateral diplomacy all offer a great deal more latitude.

They make it possible to reach a sensitive compromise regarding both domestic politics and foreign events, and they can take place in the present time while simultaneously bargaining in the interest of the parties concerned. The United States-China "Phase One" deal and the trilateral negotiations that resulted in the United States-Mexico-Canada deal (USMCA) are two examples of recent discussions that illustrate how strategic diplomacy can reduce the likelihood of economic disruption in a country without resorting to a formal legal adjudication procedure. Both discussions are examples of recent discussions. Most of the time, the success of diplomacy is based on countries trusting one another, being open with one another, recognizing each other, and respecting one another. However, there are situations in which Diplomacy is successful. This objective is becoming increasingly challenging to achieve because of the existence of ideological disagreements as well as power ties that are both strong and weak. Transnationalism makes things more complicated and difficult to solve when it comes to the governance of trade. The design of trade policy and the resolution of disputes in an economy that operates on a global scale involve a wide variety of institutions. These organizations include multinational corporations, non-governmental organizations, transnational advocacy networks, and regional parties for example. In addition to engaging in activities that span international borders, these individuals also attempt to convince others to support their causes, advocate for changes in legislation, and file litigation prior to international tribunals. In addition, even though they start to make trade governance more democratic, they have the potential to make problems that are related to accountability, enforcement, and sovereignty even worse. The desire for adaptable solutions that consider the needs of individuals and that are focused on the future has never been higher than it is right now. They need to be more open to diplomatic conversations and legal discussions that involve a wider number of people from different nations if they want to make changes to organizations that are already in place, such as the World Trade Organization (WTO).

Declarations

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