

The Consideration of Political Economics on the Changing Rules of International Trade and Economy

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The contemporary rules of international trade and economy are made by the United States and other developed countries after the World War II. The primary rules of multilateral trade system have been changed fundamentally. However, it has not been changed for the rules of multilateral financial system with the hegemony of the US dollars. The rules of investment maintain unchanged in the system of bilateral investment or regional trade agreements, which is developing towards sustainable development and investment facilitation. Based on the objective assessment on the changing rules of international trade and economy, it is necessary to apply the principles of Marxism political economics which has been already proved by history for consideration and analysis on the world economy as the economic base of international community after the World War II through three phases, i.e., the international economy, global economy, and “borderless” economy, to provide with the driven force for the establishment or development of the rules of international trade and economy as the superstructures of international community, as well as its critical counter effects on the economic base. In recent years particularly, China has risen with the domestic reform and open-door policy to actively participate in the global economic integration, which has changed the economic base of international community. However, the United States intends to maintain its hegemony by the unilateral foreign trade policy to weaken the multilateral trade system, which had the negative impacts on the international economic base. China has influenced positively the changing rules of international trade and economy by increasing political leadership to carry out the initiative of the Belt and Road, to establish the new international financial institutions and to promote the corporation system of regional and international security.

Keywords: political economics, international trade and economy, changing rules

Introduction

The term of “International Trade and Economy”¹ (hereafter ITE, Goods, 2003, p. 190) has broader meanings covering varieties of activities in the field of ITE. Generally speaking, the international business transaction is the basis of ITE including at least three branches, i.e., trade, finance, and investment. In this context, the term of

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¹ Walter Goods, *Dictionary of Trade Policy Terms* (4th edition), Cambridge: Cambridge University Press, 2003, p. 190. It defines the term “international economic relations” as the activity including directly international trade, monetary and financial cooperation, indirectly almost any international activity having an economic aspect or effect. Therefore, the terms ITE and international economic relations are interchangeable.

“rule” might be understood as the “law” in accordance with the Hugo Grotius’ definition² (Grotius, 1925, pp. 34-38). The legal tradition originated from the ancient Roman law divides the law into two categories, i.e., the abstract *jus* (“*jus* is the art of what is good and fair”, Monro, 1904, p. 3) and the concrete *lex* (“A statute [*lex*] is a command of general application”, Monro, 1904, p. 19). The rules of ITE are referred to the concrete laws. In this sense, the rules of ITE are identified with the laws of ITE. These rules have legal bindings. The word “change” or “changing” indicates either fundamental change (revolution) or gradual change (evolution), depending on the situation of case by case³ (Jackson, 2006). The world at present is under the intertwined impact of once-in-a-century global changes. The changes of the rules of ITE are mainly related to the governmental relations based on the treaties. This paper, firstly, makes a preliminary assessment on changes of the existing rules of ITE and the relevant systems regarding the relations of treaties to reach a few basic findings. Based on this assessment as a precondition, secondly, two considerations are followed from the viewpoints of political economics, i.e., the economic base of changes and the political leadership effecting changes. Finally, it is a conclusion.

The “Changes” and “Non-changes” of the Rules of ITE

The “Changes” and “Non-changes” of the Multilateral Rules of International Trade

The existing ITE rules were created mostly by the United States and the European countries. In respect of the multilateral trade system, the World Trade Organization (thereafter WTO) and its predecessor, the *General Agreement on Tariff and Trade* (thereafter *GATT*) as a *de facto* international trade organization were established by the United States’ domination. In December 1945, the United States invited some countries to negotiate a general agreement on tariff reduction. In February 1946, the proposal of International Trade Organization (thereafter ITO) was put forward, even though the Congress of United States did not approve the finished ITO charter. However, the *GATT* was applied provisionally without the proposed ITO as its administrator until WTO established in 1995 (Jackson, 1997, pp. 39-41). The “single package” of WTO Agreements was resulted from the Uruguay Round negotiation on multilateral trade. It could be traced back to the Kennedy Round negotiation on non-tariff barriers in 1960s (Mavroidis & Wu, 2013, p. 4). The 1974 Trade Act passed by the Congress of United States provided the subsequent rounds of trade negotiation such as Tokyo Round and Uruguay Round with the “fast-track” of legislative procedure. It is no doubt that the United States made great efforts to frame the multilateral trading system with the WTO laws as its core. How about actual running of this system of rules nowadays? Has it been changed or not? It needs an analysis in detail with objective assessment.

The WTO substantive rules and system. These rules include the tariff barriers such as the rule under Article 1 of the *GATT* regarding General Most-Favoured-Nation Treatment (thereafter MFN). The MFN is “the primary rule” of WTO legal system (Palmer, 2003, p. 314). It has no new multilateral agreement on tariff reduction after the WTO was established except the Information Technology Agreement to eliminate tariff on a range of information technology products with the MFN tariff for all of WTO Members (World Trade Organization, 2017). The WTO Members have concluded hundreds of the Regional Trade Arrangements

² Hugo Grotius, *The Law of War and Peace*, translated by Francis W. Kelsey, Oxford: the Clarendon Press, 1925, pp. 34-38. “Law is considered as a rule of action”. “Law is defined as a rule”.

³ For example, see John H. Jackson, *Sovereignty, the WTO and Changing Fundamentals of International Law*, Cambridge: Cambridge University Press, 2006. This book discusses the evolutionary changing fundamentals of international law regarding WTO.

(thereafter RTAs) under Article 24 of the *GATT* to apply the advantages of reduced tariff only for the RTAs members.⁴ The WTO warned in 2004 that “the MFN is no longer the rule, it is almost the exception.” (Consultative Board to the Director-General Supachai Panitchpakdi, 2004, p. 19). It got worse when the United States changed its foreign trade policy in recent years from the long-standing position of multilateralism to the unilateralism, in particular, to the unilateral increase of tariff on all of imported goods from China in 2018,⁵ and the reciprocal tariff 10% on any importations from almost all of its trade partners in 2025 (USTR, 2025), which violated the rule of MFN. It makes a fundamental change of the multilateral trade system, at least the rule of MFN for the trade on goods.

The other WTO substantive rules are working as usual in the fields of non-tariff barriers such as the national treatment, the trade remedies, the sanitary and phytosanitary measures, the technical barriers to trade, and the custom valuation. These rules are indispensable for regulatory trade relations between or among the WTO Members. The negotiations under the Doha Agenda⁶ failed to reach concrete results except the implementing agreement on trade facilitation “to clarify and improve” the rules of freedom of transit under Article 5 of the *GATT*⁷ (World Trade Organization, 2017, pp. 321-356). Additionally, it remains unchanged for the WTO rules of trade on services (except MFN in RTAs) and the rules of trade relating intellectual property rights (except amendment of the rule for the compulsory patent licensing⁸) (World Trade Organization, 2017, pp. 411-412).

The hundreds of RTAs could be representative by *the Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (thereafter *CPTPP*), *the United States-Mexico-Canada Agreement* (thereafter *USMCA*), and *the Regional Comprehensive Economic Partnership* (thereafter *RCEP*). These RTAs adopt the method to have the existing WTO rules (except MFN) as the basis plus the new ones or simply to add the new rules. It is the change in concerning the unchanged WTO rules except MFN. It will be analyzed later with the selected issues in regard of the economic base of changes and the political leadership.

The WTO procedural rules. These rules include the settlement of the WTO Members’ disputes and the review of their trade policies. The records of review have no legal binding. The WTO dispute settlement is a quasi-judicial proceeding towards “legalization” and “judicialization” (Petersmann, 1997, p. 64) with the trial of panel, the review of the Appellate Body (thereafter AB), the subsequent implementation of rulings, and the possible authorization of trade sanction. In the first 10 years of the WTO operation, its mechanism of dispute settlement was carried out quite well under *the Understanding on Rules and Procedures Governing the Settlement of Disputes* (thereafter *DSU*)⁹ (Yerxa & Wilson, 2005, pp. 268-269). This mechanism is regarded as “the most

⁴ There are 374 RTAs in force, most of which were notified to the WTO in last 20 years. WTO/RTAS/DATABASE [online] [2025-05-14]. <https://rtais.wto.org>.

⁵ After China’s several complains to the WTO, the panel of WTO dispute settlement ruled that the United States did violate the rule of MFN without justified exception of “public morality”. See *US-Tariff Measures*, WT/DS543/R, 15 September, 2020.

⁶ See Doha WTO Ministerial 2001, Ministerial Declaration, WT/MIN (01)/DEC/1, 20 November, 2001, Paras. 28-29, WTO rules. The scheduled negotiation includes rules of anti-dumping, subsidies, and countervailing (including fishing subsidies), and RTAs.

⁷ *The WTO Agreement: The Marrakesh Agreement Establishing the World Trade Organization and Its Annexes*, Cambridge: Cambridge University Press, 2017, pp. 321-356. Agreement on Trade Facilitation, entered into force on 22 February, 2017.

⁸ *The WTO Agreement: The Marrakesh Agreement Establishing the World Trade Organization and Its Annexes*, Cambridge: Cambridge University Press, 2017, pp. 411-412. The Protocol Amending the TRIPS Agreement with A New Article 31bis, entered into force on 23 January 2017.

⁹ In the period of 1995-2004, the WTO Dispute Settlement Body adopted 83 Panel Reports, 56 AB Reports, 12 Compliance Panel Reports (under Art.21.5 of *DSU*), 8 AB Reports (21.5), and 16 Arbitration Decisions on authorized suspension of concessions or

important elements of a rules-based multilateral trading system” (Yerxa & Wilson, 2005, p. 3). The WTO Members intended to improve this mechanism by amending some rules, but the Members including the United States did not request a fundamental change of the *DSU* before 2017¹⁰ (Martin, 2013, p. 125). However, the United States, in December 2018 while waging the trade war against China, complained that the AB “usurps the authority reserved only for WTO Members to adopt authoritative interpretation of the WTO rules’ by treating its rulings as precedent, and requested to resolve these kinds of issues as the precondition to appoint any new AB Members”.¹¹ It is essentially to block the appointments, which resulted in a paralyzed AB due to its last Member’s term expired on 30 November 2020.¹² It directly changed the WTO dispute settlement mechanism because of majority of the Panel reports pending for review after appeal.¹³ This change is mostly worried not only for the basic rules of *DSU*, but also the multilateral trading system as whole.

The “Changes” and “Non-change” of the Multilateral Rules of International Finance

In contrast to the un-precedential difficulty of the multilateral trading system, and particularly, to its primary substantive rule of the MFN and basic procedural rules of the *DSU* being changed fundamentally in practice, it seems no signs of change for the multilateral rules of international finance with the International Monetary Fund (thereafter IMF) as the core. It is true that the multilateral financial system had been changed somehow, but it remains unchanged fundamentally. It has been eight decades since the United States initiated to establish the IMF in 1944 based on the hegemony of US Dollar (thereafter USD). The original Article 4 of the IMF provided the direct linkage between the USD and gold with the official promise of exchange rate (35 USD exchanges one ounce gold). The currencies of other countries would be exchanged with the USD by the special exchange rates. Therefore, the USD-based international monetary and financial system was established “to promote a stable system of exchange rates” under Article 4 of the IMF.¹⁴ In 1971, the United States abandoned its promise, which resulted in the amendment of Article 4 of the IMF in 1976 to eliminate the fixed exchange rate between the USD and gold, instead of each IMF members’ prompt notification about any changes in its exchange arrangements including the members’ choice of exchange rate with the Special Drawing Rights (thereafter SDR) set by the IMF or the other non-golden standards. The SDR is composed of the USD and other major convertible currencies as a “basket” valuation. No matter of the original fixed exchange rate between USD and gold, or the subsequent SDR “basket” valuation, the hegemony of USD has not been changed.¹⁵

It is also a different picture of the IMF in comparison with the fundamental changes of the WTO basic substantive and procedural rules that the United States wants to keep its hegemony of USD in the multilateral

other obligations. See Rufus Yerxa & Bruce Wilson Ed., *Key Issues in WTO Dispute Settlement the First Ten Years*, Cambridge: Cambridge University Press, 2005, pp. 268-269, Annexes I.

¹⁰ WTO Doha Agenda includes the negotiation on improvement and clarification of *DSU* scheduled on May of 2003 for the early conclusion in order to implement it as early as possible. However, it was not concluded on schedule, “because members are not convinced that there is an absolute need for changes to be made”. See Mervyn Martin, *WTO Dispute Settlement Understanding and Development*, Leiden: Martinus Nijhoff Publishers, 2013, p. 125.

¹¹ See Statement by the United States on the Precedential Value of Panel or Appellate Body Reports [online] [2025-05-14]. <https://www.wto.org>.

¹² See Farewell Speech of Appellate Body Member Prof. Dr. Hong Zhao, 30 November 2020 [online] [2025-05-14]. <https://www.wto.org>.

¹³ Currently, 32 Panel reports are pending for review [online] [2025-05-14]. <https://www.wto.org>.

¹⁴ Articles of Agreement of the International Monetary Fund (IMF), July 22, 1944, 726 U.N.T.S. 266.

¹⁵ The current “basket” of SDR is composed of USD (43.38%) and other currencies, i.e., Euro (29.31%), Chinese RMB (12.28%), Japanese Yen (7.59%), Pound Sterling (7.44%). See IMF Press Release No. 22/281, July 31, 2022.

financial system. In accordance with Article 15.2 of the IMF, the method of SDR valuation shall be determined by the 70% majority of total voting power, provided, however, that 85% majority of total voting power shall be required for a fundamental change. In accordance with the original quotas under Article 3 of the IMF, the United States was assigned more than 30% of total quotas. After once of five years general review and necessary adjustment, the United States still has 17.42% quotas under the 2014 review entered into force in 2016.¹⁶ Accordingly, the United States has the 16.49% voting power which alone constitutes the veto power for any fundamental issues of the IMF. It is the unchanged rule of multilateral financial system.

The “Changes” and “Non-changes” of the Multilateral Rules of International Investment

The Bilateral Investment Treaties (thereafter BITs) emerged in 1950s. The size of the BITs reached 2831 in 2023 globally (UNCTAD, 2024, p. 21). However, no single comprehensive convention is available as the multilateral basis for the system of international investment rules, which is relatively an “incomplete”¹⁷ (Bismuth, Carreau, Hamann, & Juillard, 2017) system in difference from the “complete” system of the WTO or the financial system of the IMF. The World Bank initiated to set up two institutions related to investment, i.e., the International Center for Settlement of Investment Disputes (thereafter ICSID) and Multilateral Investment Guarantee Agency (thereafter MIGA). *The Agreement on Trade-Related Investment Measures* (thereafter *TRIMs*) is one of the WTO Agreements. Thus, the rules of international investment lack a self-completed system based on a multilateral basic convention. It is an unchanged character of system of international investment rules.

However, the BITs as the main body of international investment rules are integrated with the RTAs including the rule to promote and protect investments, which has resulted in new changes. For example, the clause of sustainable development has been the essential part of investment rules of the BITs and the investment chapters of the RTAs. Article 4 of China-Turkey BIT provides that the general exceptions include the necessary measures “designed and applied for protection of human, animal or plant life or health, or the environment”.¹⁸ The *CPTPP* provides further that any contracting party shall not prevent another party to adopt, maintain, or enforce any measure “that it consider appropriate to ensure that investment activity in its territory is undertaken in a manner sensitive to environment, health or other regulatory objectives.”¹⁹ The facilitation of investment became a rule of the BITs and RTAs chapter of investment. For example, Article 17.2 of China-Canada BIT provides that:

Each Contracting party shall ensure that its laws, regulations and policies pertaining to the conditions of admission of investments, including procedures for application and registration, criteria used for assessment and approval, timelines for processing an application and rendering a decision, and review or appeal procedures of a decision, are administered in a manner that enables investors of the other Contracting Party to become acquainted with them.²⁰

¹⁶ IMF Quota and Governance Reform-Elements of an Agreement, October 31, 2010, pp. 12, 17. The fifteenth review (2016-2020) did not make any adjustment.

¹⁷ See Régis Bismuth, Dominique Carreau, Andrea Hamann, Patrick Juillard, *Droit International Economique* (6th ed.), Paris: LGDJ, 2017. This book was published in 1978 as the first edition to point out the “incomplete” (*incomplet*) system of international investment law. This viewpoint remains unchanged.

¹⁸ Agreement Between the Government of the Republic of Turkey and the Government of the People’s Republic of China Concerning the Reciprocal Promotion and Protection of Investment, July 29, 2015.

¹⁹ Article 19.16, *CPTPP*.

²⁰ Agreement Between the Government of Canada and the Government of the People’s Republic of China for the Promotion and Reciprocal Protection of Investment, September 9, 2012.

The *RCEP* requires that:

subject to its laws and regulations, each Party shall endeavor to facilitate investments among the Parties, including through: (a) creating the necessary environment for all forms of investment; (b) simplifying its procedures for investment applications and approvals; (c) promoting the dissemination of investment information, including investment rules, laws, regulations, policies, and procedures; and (d) establishing or maintaining contact points, one-step investment centers, focal points, or other entities in the respective Party to provide assistance and advisory services to investors, including the facilitation of operating licenses and permits.²¹

The WTO agreement on investment facilitation for development also includes the improvement of transparency and predictability of investment measures, simplification and speed-up of investment-related administrative procedures and requirements.²² Even though, at present, “a comprehensive multilateral solution to investment issue is not in sight” (Dolzer & Schreuer, 2012, p. 10), the similar changes as listed above will be increased.

In sum, the contemporary ITE rules covering the trade, finance, and investment of either complete or incomplete system were mainly made by the United States and other developed countries. It had the economic base accordingly. Among these rules, some have been changed or unchanged, which also have the economic base. In 1970s, the United Nations General Assembly had several special sessions by the requests of developing countries and the least developed countries to establish “a New International Economic Order”²³ including the international trade related to the raw materials and primary commodities as well as the basic issues of development, the international monetary system and financing of the development of developing countries, and the international investment, in particular of “regulation and control over the activities of transnational corporations”.²⁴ However, most of these requests in a half century ago have not been realized. It needs consideration of underlying causes of economic base. In 2015, the United Nations celebrated 70th anniversary by adopting a resolution on the 2030 Agenda for Sustainable Development, recognizing that “Billions of our citizens continue to live in poverty and are denied a life of dignity. There are rising inequalities within and among countries. There are enormous disparities of opportunity, wealth, and power”.²⁵ The word “transforming” used by the resolution refers something to be changed. The above assessment regarding changes or non-changes denotes different degrees of changes. It might need more analysis in detail on the special rules. This paper is limited on a preliminary assessment.

The Economic Basis of Changing Rules of ITE

The Theoretical Base to Consider the Changing Rules of ITE and the Historical Evidences

The rules of ITE are changing within the framework of once-in-a-century global changes. In accordance with Marxism, the superstructure of society depends on its economic base and has the counter effects on the base. It is the Historical Materialism as “the Newton Law” of human society. “We should not make a judgment of a changing era based on its ideology; in contrast, the ideology must be interpreted from its conflict, i.e., the existing

²¹ Article 10.17, *RCEP*.

²² See Investment Facilitation for Development Agreement, WT/MIN (24)/17/Rev.1 Annex 29 February 2024.

²³ The General Assembly, Declaration on the Establishment of a New International Economic Order, 3201(S-VI), 1 May 1974.

²⁴ The General Assembly, Programme of Action on the Establishment of a New International Economic Order, 3202(S-VI), 1 May 1974.

²⁵ The General Assembly, Transforming Our World: The 2030 Agenda for Sustainable Development, A/70/L.1, 25 September 2015, Para. 14.

conflict between production of a society and its productive relations” (Marx, 2012, p. 3). It is the theoretical base of the consideration about the issues of changing rules of ITE.

Marxian Historical Materialism learned from the previous classical economics with critique including Adam Smith’s political economics. Before his writings on *the Wealth of Nations*, Smith gave his lectures on “jurisprudence” (legal philosophy) in 1762-1763 at Glasgow University. He believes that:

Jurisprudence is the theory of the rules by which civil governments ought to be directed. It attempts to shew the foundation of the different systems of government in different countries and to shew how far they founded in reason. We will find that there are four things which will be the designs of every government. (Smith, 1978, p. 5)

The first is to maintain justice by protecting the members of a society to possess their lawfully owned property. The market economy is based on property ownership. It is the motivation of Smith to inquire into the nature and causes of the wealth of nations for his idea to make the wealth of people as a priority. The second is the governmental regulation of economic activities. It is like the police to secure the public order. The third is to raise the revenue for government to carry out its functions. The fourth is the arms for the defense of the states. “After these will be considered the law of nations, under which are comprehended the demands which one independent society may have upon another, the privileges of aliens, and proper ground for making war” (Smith, 1978, p. 399). In *the Critique of Political Economy*, Marx expounds his idea that the economic base of the legal systems must be investigated firstly. “It is the base of realty upon which the superstructure of law and politics built with the social ideology accordingly” (Marx, 2012, p. 2). In comparison with Smith’s explanation about the relation of law and politics within the economic system of capitalism, Marx further expands the relation between the superstructure of states including law and politics and its economic base.

The civilized history of human society provides the evidences supporting the Historical Materialism. For example, the Solon’s Reform (594 B.C.) was the landmark of ancient Greek history by its result of a new city-state (Aristotle, 1984, p. 45). Its basic cause was the economic development, i.e., “the victory movement of money” (Engels, 2012, p. 127). It was similar that the Shan Yang Reform (356 B.C., Shandong University, 1982, pp. 1-4) in the Period of Warring States of ancient China established the legal foundation for the Qin Dynasty, which had economic cause of “commercial development pushing the peoples to do something” (Yang, 1990, p. 72). During the time of “Renaissance ferment”, the two European city-republics, Venice and Florence led the early movement of capitalism. The city Venice was the first modern state as the business center in the world at that time. “The city Florence led the way in 1252 with the gold florin, and other cities and states soon followed. Trade benefited immensely from thus appearance of currency that was of standard and dependable value.” (Stavrianos, 1971, p. 20). It is obvious that European modern states were developed based on the early capitalism.

The international society is composed of equal sovereignty states without a centralized government, and thus fundamentally different from the domestic societies. It needs further exploitation of the ITE rules as the superstructure of international society and its economic base, the relation between the economic determination, and the counter effects of the superstructure.

The international society emerged with the modern international law in Europe and expanded other areas globally. “The Europeans began their rise to world primacy by virtue of their leadership in overseas activities. Certain global interrelationships developed during these centuries naturally became stronger with the passage of

time” (Stavrianos, 1971, p. 161). Hugo Grotius, a great Dutch jurist in the early 17th century, believed that “controversies among those who are not held together by a common bond of municipal law are related either to time of war or to time of peace” (Grotius, 1925, p. 33). An international community was formed gradually with the international law for peace or war. As the ancient Roman saying “Ubi societas, ibi jus” (society exists with law) (Lauterpacht, 1970, p. 28), the law exists with society. Therefore, the international law exists with an international society.

What was the economic base of international law in Europe at Grotius’ time? The cause for Grotius to inquire the international law was that Dutch, as a *de facto* independent nation after fighting for decades against the Spanish rulings, had to travel by seas destining South-East Asia and China for commercial venture because of Spanish block of any business channels for Dutch in Europe. Portugal as the Spanish ally had already controlled the line of navigation by seas from Europe to Asia. It was inevitable for Dutch got conflicts with Portugal. Grotius argued that Dutch as any other European nation should have the equal right of free navigation by “high road” (high seas) (Grotius, 1916, p. 10). It is the Grotius’ contribution to transform the theory of natural law and Roman laws originated in the Hellenistic world to the modern international law governing the relationship between or among the sovereign states. It demonstrates that the primary cause of the emerging international law was the oversea trade of European countries. Portugal was the pioneer by Columbus geographical discovery to land Asia, and particularly to establish a permanent commercial base at Macao, China in 1557 (Stavrianos, 1971, p. 57). Dutch challenged Portuguese control over the trade by sea while extending the commercial competition from Europa to Asia. The underlying reason was “an impelling dynamism in Europe—a lust and an opportunity for profit, and a society an institutional structure that made its realization feasible.” (Stavrianos, 1971, p. 24). It was the driven force of early capitalism. Thus, the emerging international law was based on the rise of European capitalism. The rules of free navigation by seas and free trade had a great countereffect on the external spread of the capitalism over the world.

In the early 20th century, the international law was developed with the global influence when the West countries’ advantages on political, economic, and cultural areas were dominated. Professor Oppenheim published his two-volumes book on international law in 1905-1906, saying that “my book is intended to present International Law as it is, not as it ought to be” (Oppenheim, 1905, p. 10). It denoted that the moral base would not be relevant to the international law which was defined as “the body of customary and conventional rules which are considered legally binding by civilized States in their intercourses with each other” (Oppenheim, 1905, p. 3). The so called “civilized States” means the industrialized countries in Europe and North America as well as Japan after its “reception” of European international law.²⁶ It divided the world into the two parts, i.e., the “civilized States” as the “Club” members and the “non-civilized State”. The Versailles Conference after the World War I reflected this division to arrange “major Allied and Associated Powers” including industrialized countries except Germany and “other Allied and Associated Powers” including China and other non-industrialized countries.²⁷ This Club-style international law was determined by its economic base. Through the Second Industry Revolution in the late 19th century and early 20th century, the world economy was developed

²⁶ For example, the Supreme Court of the United States listed Japan as “the last State admitted into the rank of civilized nations” in a prize case. See *The Paquete Habana*, 175 U.S. 677 (1900), p. 700.

²⁷ Treaty of Peace between the Allied and Associated Powers and Germany, signed on 28 June 1919, 225 CTS 188.

with the Europe and the United States as the center when the industrialized countries expanded their powers globally. The market competition among the major industrialized powers was the root cause of their conflicts and finally, the war. Although the Kellogg-Briand Pact 1928 was signed to renunciate the war,²⁸ the traditional rights to wage the war have not been prohibited. It had the counter effects on conflicts among the “Club” members. The World War II was soon broken.

In summary, the international society from the early 17th century to the first half of 20th century was dominated by the “Club” members when the economy of capitalism was arisen and developed with the spread of colonies outside Europe. Accordingly, the international law was originally applied to European countries, and then developed as the laws for “Club” members. The economic infrastructure of international society was the driven force upon which the international law as a part of its superstructure was developed. However, the international law had the great counter effect on development of the economic infrastructure.

The Economic Base of Formation and Changes of Contemporary Rules of ITE

The contemporary rules of international trade, finance, and investment were made and developed within their complete or incomplete systems respectively after the World War II. There are some changes or non-changes in different areas. In accordance with the Historical Materialism, the changes or non-changes had underlying economic causes. First, it needs an analysis of the economic determination on the superstructure by the objective observation. Secondly, it should be focused on the counter effects of the rules of ITE as a part of superstructure of contemporary international community, which has the subjective perspective.

The contemporary international society after World War II is essentially composed of the United Nations (thereafter UN) Members. There are fundamental changes in the number of sovereign states and their equal status. The UN had the 51 founding Members, which has increased to 193 at present. It became one of the UN priorities to protect human rights. However,

as the international community is composed of states, it is only through an exercise of their will, as expressed through treaty or agreement or as laid down by an international authority deriving its power from states, that a rule of law becomes binding upon an individual. (Jessup, 1948, p. 17)

Under Article 4.2 of the UN Charter, in addition to the founding Members, the UN Membership is opened to “all other peace-loving states which accept the obligations contained in the present Charter and, in the judgment of the Organization, are able and willing to carry out these obligations”.²⁹ This condition of the UN Membership is irrelevant to the levels of economic and social development, or the systems of religion, culture, and politics of any Member states. In respect of the UN General Assembly voting, each Member shall have one vote. The UN Member has equal sovereignty, which abandons the practices of “Club” to divide the civilized or non-civilized nations. However, the five permanent Members of the UN Security Council have their privileges of veto power on non-procedural decision. It is conferred by the UN Members on the Security Council to carry out its duties of maintenance of international peace and security under Article 24.1 of the UN Charter. It reflects the feature of great powers to dominate the international public affairs based on the contemporary international law after World War II. It is highly relevant to the formation and change of the contemporary international rules of ITE.

²⁸ General Treaty for Renunciation of War as an Instrument of National Policy, signed on 27 August 1928, 94 LNTC. 57.

²⁹ Charter of the United Nations, signed on 26 June 1945, 1 UNTS 16.

The United States led to establish the post-war rules and system of ITE, which depended on its super power of economy. The United States had the volume of merchandise trade 20.734 billion of USD, which was 17.1% of the global volumes in 1948. In particular, the volume of exportation was 12.653 billion as 21.6% of the global volumes. In comparison, the United Kingdom as the second largest trade partner had 6.6% of total global volume and its exportation with 11.2%.³⁰ As mentioned above, in accordance with the original quotas of the IMF, the United States held more than 30% of the total quotas. The United Kingdom as the second largest holder had less 14% of total quotas. Absolutely, the United States had the super power of economy at that time.

In the term of changes of the ITE rules and system, it could be traced back the provisional application of the *GATT* from 1948 to 1995 when the WTO was established, and then from the evolutionary changes of the WTO single package of agreements to the fundamental changes of the rules of MFN and the WTO mechanism of dispute settlement, which finally results in an un-precedential difficulty of the multilateral trade system. The root cause of such changes is the determination of economic infrastructure of the international community after World War II. The post-war global economy was developing with three phases. The first phase was the international economy from the early post-war time to 1960s in which the total volume of merchandise trade was 7% of the global Gross Domestic Product (thereafter GDP). The goods of trade were mostly the raw materials or the final products. The investment was mainly for setting up the subsidiary companies overseas. The major economic activities were limited in domestic level. The second phase was the global economy from 1970s to 1980s. The volumes of merchandise trade were increased from 25% (1973) to 31% (the end of 1980s) of the global GDP. During that period, the quick development of information and communication technology made the global economy possible when the transnational companies moved to the domestic market of many countries directly, which promoted the extension of global market. The third phase was the “borderless” economy from 1990s to nowadays. The economic globalization developed with emerging internet and information industry when the WTO was established in 1995. In the last two decades, the economic globalization continued. The volumes of merchandise trade (49 trillion USD) were 45% of the global GDP (110.5 trillion USD) in 2024.³¹ The multilateral trade rules of WTO system as the superstructure of international community are made to meet the requirement of “borderless” economy and to reflect the changes of economic infrastructure of international community in aspects of trade and productive relation.

However, the WTO system is facing a great challenge with a movement of deglobalization. As mentioned above, some fundamental changes have taken placed. The cause of changes might be getting to the bottom relating to the economic infrastructure of international community in the term of the total volumes of international merchandise trade and the global GDP. For examples, in the ratio of GDP of China and the United States with the total volumes of international merchandise trade and the global GDP (unit: trillion USD), China had GDP 5.88 (8.8% global GDP) and trade volumes 2.97 (9.68% global volumes) in 2010 comparing with the United States GDP 15.05 (22.6% global GDP) and trade volumes 3.25 (10.58% global volumes), but China had GDP

³⁰ Statistics on Merchandise Trade [online]. [2025-05-14]. <https://www.wto.org>.

³¹ For the description of three phases and the statistics of the first phase, see Charting the Trade Routes of the Future: Towards a Borderless Economy. WTO News (25 September, 1997) [online] [2025-05-14]. <https://www.wto.org>. The sources of statistics of the second and third phases, see Statistics on Merchandise Trade [online] [2025-05-14]. <https://www.wto.org>. World Bank Data [online] [2025-05-14]. <https://data.worldbank.org>.

18.94 (17.13% global GDP) and trade volumes 6.16 (10.41% global volumes) in 2024 comparing the United States GDP 29.18 (26.40% global GDP) and trade volumes 5.41 (9.14% global volumes). The gap of GDP between China and the United States is getting closer, meanwhile, China has exceeded the United States as the largest trade partner in the world.³² The United States is worrying about China further surpassing its hegemony and making any possible measures to contain China, including the trade war against China to violate the MFN rule of the multilateral trade system. The United States does not satisfy the AB rulings on the trade disputes with China related to the state-owned enterprises, and intended to paralyze the AB by blocking the appointment of the AB Members. However, the above ratio (45%) of the volumes of international merchandise trade and the global GDP in 2024 in comparison with 7% in 1960s and 31% by the end of 1980s demonstrates that the deglobalization does not change the trend of economic globalization in the longer term. It might, as a scholar remarks, be the United States' tactics "to rewrite the global rules" by its approach of deglobalization (Che, 2019). Of course, the United States did take the measures of deglobalization such as the CHIPS and Science Act to disconnect with China.³³

In regard of the changes of international financial rules and system, the hegemony of USD remains unchanged because of the United States' sole veto power in IMF and 43.38% of the USD in the SDR "basket" valuation, even though the "Bretton Woods system" with the fixed rate of exchange between USD and gold was over. It is related to the United States' abuse of its hegemony and efforts to strengthen its power. However, it must be understood that economic base of the United States' domination on international financial rules and system remains unchanged because of its super economic advantage, particularly, its huge amount of GDP, and the strong competitiveness of high technology industries.

As to the changes within the incomplete system of international rules of investment, in addition to the increased requirements of sustainable development and investment facilitation in BITs and RTAs, it should be noticed that the United States promotes the new or plus rules such as performance requirement. For stance, in comparison with the requirements of the national treatment and the general elimination of quantitative restrictions under the *TRIMs*, the Parties of *USMCA* shall not impose or enforce any requirements, or commitment or undertaking such as exportation of a given level or percentage of goods or services, and further undertake obligation to prohibit the measures such as a given rate or amount of royalty under a license contract, or a manner that constitutes direct interference with that license contract by an exercise of non-judicial governmental authority of a Party. These performance requirements extend the trade on goods to the services.³⁴

It can be summarized from the above analysis that the contemporary ITE rules, particularly, the multilateral rules of trade and finance, were made by the United States and its allies. Although the BITs were adopted first by European countries,³⁵ the United States has concluded more than one hundred BITs or the treaties with investment provisions since the early 1980s³⁶ in addition to the original bilateral treaties of friendship, commerce,

³² See Statistics on Merchandise Trade; World Bank Data.

³³ The CHIPS and Science Act, Public Law No. 117-167, entered into force on August 9, 2022. It prohibits the recipients of Federal incentive funds from expanding or building new manufacturing capacity for certain advanced semiconductors in specific countries that present a national security to the United States (Sec.103 Semiconductor Incentives). In fact, it targets China.

³⁴ *USMCA* Chapter 14 Investment [online] [2025-05-14]. <https://ustr.gov>. Article 14.10.

³⁵ The first BIT was the Treaty for the Promotion and Protection of Investment, Germany-Pakistan, November 25, 1959.

³⁶ United States of America/International Investment Agreements: Bilateral Investment Treaties (BITs) 47, Treaties with Investment Provisions (TIPs) 70 [online] [2025-05-14]. <https://investmentpolicy.unctad.org>.

and navigation, and initiated to establish the ICSID³⁷ and MIGA³⁸ as the affiliated institutions of the World Bank group to protect the developed countries' investments in the developing countries. The United States' economic power determines its status in the economic base of the post-war international community. However, China has arisen as the second largest economy in the world and changed the economic base of contemporary international community. It is the economic cause of changes and non-changes of international rules of IET. The changes of economic base of international community will promote the changes of its superstructure soon or later. In accordance with the Historical Materialism, the economic infrastructure firstly determines the superstructures, at same time, the superstructure will have counter effects on its economic base which needs more in-deep researches and consideration of political economics.

The Political Leadership Affects the Changing Rules of ITE

The Counter Effects of Political Leadership on Economic Base and the Changing Rules of ITE

The Historical Materialism discovers the objective law of the human society like "the Newton Law" of physical world to reveal the formation and development of civilizations and states, pointing out the counter effects of the superstructures including the laws and politics on the changes of economic infrastructure constituted by the driven force of production and productive relation. It is the dialectical process of the development of society. The above analysis is based on the objective assessments about the changes or non-changes of ITE rules, focusing on the United States' economic power in the international community as the major base of global economy in the post-war era, and the recent significant rise of Chinese economic status. The changes of ITE rules are primarily determined by the economic base of international community on one hand. On another hand, it must not be ignored to the counter effects of ITE rules on the changing economic base. The counter effect is originated from the political claims about the changes of ITE rules, which directs the possible changes to the ITE rules themselves first, and then, to the economic base. It might be called as "the political leadership".

Without any centralized government, the international community is different from the domestic societies. The contemporary global governance of international community depends on the relevant claims of states and regions as well as their possible consensus. Among these claims, the political leadership of a particular state or region is critically important due to its major or significant status in the economic base of international community. As Louis Henkin, a well-known international jurist, saying, "International law is the normative expression of the international polity which has states as its basic constituent entities. Any legal system reflects the politics of its political system; international law reflects the politics of an inter-state system" (Henkin, 1995, p. 4). In this sense, the political claims are oriented; the rules or laws are guaranteed.

It fits roughly the three evolutionary phases of the global economy as discussed above that the United States policy of foreign trade (political claim) was adjusted accordingly with the function of political leadership to change the relevant rules and systems of ITE. During the first phase of international economy, the United States relied on its super power of comprehensive economic advantages to open more global markets for sale of

³⁷ The ICSID is affiliated to the World Bank. The United States is subscribed to 34.89% of the original Bank shares. See Articles of Agreement of the International Bank for Reconstruction and Development, July 22, 1944, 2 U.N.T.S 39, Schedule A.

³⁸ The United States has 34.5% of the MIGA shares (category one). See Multilateral Investment Guarantee Agency, October 11, 1985, Schedule A/Category One.

American goods and investments overseas. For this purpose, the United States provided the “public good”, i.e., the stable international monetary system with the official exchange rate of USD to the gold. At that time, the United States carried out its foreign trade policy to support the multilateralism. The United States initiated to negotiation on the *GATT* by generalizing the previous 32 bilateral trade agreements in accordance with the unconditional MFN, which showed that “in general the United States has been a strong supporter of both the principles of multilateralism and non-discrimination as embodied in the unconditional MFN clause of *GATT*” (Jackson, 1997, p. 169). One of the IMF purposes is “to assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade”.³⁹ No matter of the “Bretton Woods system” with the fixed rate of exchange between USD and gold or the SDR “basket” valuation dominated by USD, the system of international rules of monetary and finance has the feature of multilateralism. The multilateralism was favored for the American goods exported to more countries by payment of USD. Thus, in the first two decades after World War II, the volume of American exportation was kept as the top one in the world with a high percentage of the global exportation, i.e., 16.1% in early 1950s and 15.04% in early 1960s respectively (WTO News, 1997), which was higher than any other countries.

In the middle of 1970s, it came to the new phase of global economy. The United States’ advantage of exportation was significantly weakened. When its exports were reduced to 12.4% of the global volumes, Germany and Japan increased their exports to 10.3% and 6.36% respectively due to the post-war economic recovery. The Middle East countries became the major oil exporters with 8.09% of global merchandise trade.⁴⁰ The total volume of global trade was increasing, but the percentage of United States declined, which resulted in difficulty of payment by the USD. Consequently, the “Bretton Woods system” collapsed. However, the United States did not change its policy of foreign trade with multilateralism. The 1974 Trade Act authorized the President “to promote development of an open, nondiscriminatory, and fair world economic system”, to take necessary action to sign and implement the trade agreements (mainly refers to *GATT*).⁴¹ By authorization of the 1974 Trade Act and the Congressional “fast track” approval of treaty, the United States initiated the multilateral trade negotiations of Tokyo Round and Uruguay Round in 1970s and 1980s, and finally to concluded the “single package” of the WTO Agreements. The Agreement Establishing the WTO aims “to develop an integrated, more viable and durable multilateral trading system” (World Trade Organization, 2017, p. 2), which is the purpose of the United States Congressional authorization.

In the early period after WTO was established, the “borderless” economy emerged with a World Wide Web (thereafter Web) originated from the United States. It was the driven force to speed up the economic globalization in 1990s and 2000s. As Professor John Jackson pointed out at that time, “it is hard to ignore the fact that something profound is happening to effect the evolution of international law jurisprudence, including international economic law” (Jackson, 2002, p. 14). It is obvious that, in the context of the Web, the evolutionary rules and system of ITE under the political leadership of the United States was the best for its interests. In the early 21th century, the

³⁹ Articles of Agreement of the International Monetary Fund, Article 1(iv).

⁴⁰ Statistics on Merchandise Trade [online] [2025-05-14]. <https://www.wto.org>. In 1975, the world volume of merchandise trade was 876.9 billion USD, among which, the United States, Germany, Japan, and the Middle East countries were respectively 108.8, 90.176, 55.819, and 71.02 billion USD.

⁴¹ Trade Act of 1974, Public Law 93-618, Sec. 121.

United States still occupied the number one of both GDP and the trade volumes in the world.⁴² It reflects the counter effects of superstructure of international community in particular, laws and politics on its economic infrastructure.

However, China has been developing rapidly since its accession into the WTO in 2001 by continuing the deep domestic reform and enlarging the open-door as its national policy to actively participate the economic globalization and to compete with the United States and other WTO Members. The China's share of global trade volumes and GDP has increased in passing or getting closer to the United States and other developed countries. It results in a fundamental change of the economic infrastructure of international community. The United States changes its policy of foreign trade and economy to restrict China's further development and to maintain its hegemony in the world. It is reflected in its 2016 revision of 1974 Trade Act to change the direction of its political leadership. Under this revision,

if the President determines that bilateral trade agreements will more effectively promote the economic growth of, and full employment in, the United States, then, in such cases, a negotiating objective under section 101 and 102 shall be entered into bilateral trade agreements. Each such trade agreement shall provide for mutually advantageous economic benefits.⁴³

The practice of the United States' foreign policy of trade and economy in recent years confirms the change of focus from the multilateralism to bilateralism, or the efforts of maximized benefits through the RTAs, and even to carry out the unilateralism. How about its counter effects of negative orientation? The economic infrastructure of international community primarily determines the "changes" or "non-changes" of the rules of ITE. However, the counter effects are highly relevant to the political leadership and the legal guarantee. Even though the United States wants to restrict China's development, it is hard to get there if the observation is taken on the continued changes of the trade status and economic powers between the United States and China. The solution of global governance claimed by China has made the counter effects of superstructure of international community towards a positive orientation. In regard of the political leadership, it is expected that the competition of positive and negative orientations will be continued in near future between China and the United States.

The Chinese Solutions of Global Governance and the Political Leadership on the Changing Rules of ITE

Facing a profound changes unseen in a century, China tries to do the best focusing on the higher quality of the domestic development, insisting in the deep reform, and promoting the high level of open-door, meanwhile, proposing to build a Human Community with a Shared Future (thereafter HCSF) and several solutions of global governance such as a Global Development Initiative (thereafter GDI), a Global Security Initiative (thereafter GSI), and a Global Civilization Initiative (thereafter GCI). China actively participates the reform and construction of global governance by practicing the idea of extensive consultation, joint contribution, and shared benefits. In respects of the initiative of "the Belt and Road" (thereafter B&R), the establishment of the Asian Infrastructure Investment Bank (thereafter AIIB) and the New Development Bank thereafter (NDB), and the cooperation with Russia and other central Asian countries to establish the Shanghai Cooperation Organization (thereafter SCO) for a new-style regional political cooperation and security, China is playing a crucial role. It is showing the

⁴² Statistics on Merchandise Trade [online] [2025-05-14]. <https://www.wto.org>; World Bank Data [online] [2025-05-14]. <https://data.worldbank.org>. The merchandise trade of the United States, Germany, and Japan had 15.5%, 8%, and 3.2% of the global volumes in 2000; the GDP of the United States (9.8245 trillion USD), Japan (4.7661 trillion USD), Germany (1.8752 trillion USD).

⁴³ Trade Act of 1974, Public Law 93-618, as amended through P.L. 114-125, Enacted February 24, 2016, Section 105.

counter effects of political leadership with “positive orientation” to promote the development of changing ITE rules towards fairer and just order, to make the economic infrastructure of international community more equitable and sustainable for benefits of human beings as whole.

The Chinese solution of HCSF is practicable by four co-pillars of building a human community, i.e., co-existence of peaceful living, co-benefit of general security, win-win co-operation, and co-progress of civilizations, with a “roof” of the sustainable development for human being’s survival on the earth. For such a community with a shared future of mankind, its economic infrastructure should be equitable and sustainable development of economies in all countries and regions. The GDI highlights the priority of development, the peoples as a center, the inclusive benefits for all, the innovation as a drive, the harmonized living with natural world and action-orientation⁴⁴ (Xi, 2021, p. 1). The GSI is focused on a suggestion of common, comprehensive, cooperative, and sustainable security for maintaining world peace and security by working together of international community⁴⁵ (Xi, 2022, p. 1). The GCI calls for respect of diversities of world civilizations, insisting in equality of civilizations, promoting the tolerance, coexistence, exchanges, and mutual learning among different civilizations⁴⁶ (Xi, 2023, p. 1). The triple initiatives include the economic infrastructure and superstructure of international community to make the idea of HCSF more concrete and practical as the political leadership directing the changes of ITE rules positively, which is reflected in three areas as following.

The implementation of B&R and the changing rules of international trade. China initiated the B&R in 2013 in order “to boost the economic cooperation with the countries and regions along the B&R, to strengthen the exchange and learning from different civilizations each other, and to promote the peaceful development of world”.⁴⁷ It has resulted in increased trade with the countries along B&R by annual rate 6.4%, and the bilateral investment of 240 billion USD.⁴⁸ China has concluded more than 150 B&R agreements with other countries and more than 30 B&R cooperative documents with the international organizations.⁴⁹ The “soft law”⁵⁰ (Evans, 2018, p. 121) of the B&R documents is relevant to the changing rules of international trade. For example, one of B&R purposes is to promote the connections with the countries and regions along the B&R. The WTO Agreement on Trade Facilitation provides the new rules such as “single window”. China concluded an “soft law” style of agreement with the five central Asian countries to promote the custom cooperation on single window for the transboundary transportation, although some of them have not jointed the WTO.⁵¹ It is helpful to develop a new rule with these countries beyond the limit of WTO Members.

⁴⁴ Xi Jinping, Speech at the General Debate of the 76th Session of the UN General Assembly on September 21, 2021, *China People’s Daily*, September 22, 2021, p. 1.

⁴⁵ Xi Jinping, Keynote Speech at the Opening Ceremony of the Boa Forum for Asia’s Annual Conference 2022, *China People’s Daily*, April 22, 2022, p. 1.

⁴⁶ Xi Jinping, Keynote Speech at the Opening Ceremony of the CPC in Dialogue with World Political Parties High-level Meeting, *China People’s Daily*, March 16, 2023, p. 1.

⁴⁷ See the Joint Promulgation of the State Commission on Reform and Development, the Administration of Foreign Affairs, and the Administration of Commerce: The Visions and Actions to Promote the B&R (Authorized by the State Council), March 28, 2015.

⁴⁸ The State Statistics on October of 2023 [online] [2025-05-14]. <http://www.mfa.gov.cn>.

⁴⁹ The Bilateral B&R Documents [online] [2025-05-14] <https://www.yidaiyilu.gov.cn>.

⁵⁰ The term “soft law” is a convenient description for a variety of non-legally binding but normatively worded instruments used in contemporary relations by states and international organizations. See Malcolm D. Evans Ed., *International Law* (5th ed.), Oxford: Oxford University 2018, p. 121.

⁵¹ The Initiative to Strengthen the Cooperation of Mutual Communication and Connection Between China and the Five Central Asian Countries, June 8, 2022, at Astana. Turkmenistan and Uzbekistan are not the WTO Members.

The establishment of AIIB, NDB, and the changing rules of international finance. China initiated to establish the AIIB in June of 2015 to meet the needs of the B&R for “infrastructure development in expanding regional connectivity and improving regional integration”.⁵² According to the AIIB Agreement, the Membership shall be open to members of the World Bank or Asian Development Bank. In the case of an application which is not sovereign or not responsible for the conduct of its international relations, application for the AIIB Membership shall be presented or agreed by its Member responsible for its international relations. The AIIB has 100 Member States or Members as a multilateral global financial institution including four UN permanent members, China, Russia, France, and United Kingdom.⁵³ China has 26.5444% of total voting powers as the initiative state and one of funding Members under the AIIB Agreement. However, China does not want to keep the veto power in practice because the China’s percentage of voting powers will be reduced if more new Members join the Bank. In comparison, the NDB was established by China, Russia, India, and South Africa as the funding Members. It has enrolled Bangladesh, Uruguay, the United Arab Emirates, Egypt, and Algeria as the new Members. China has the equal vote powers with other funding Members. It is contrast with the United States insisting in its veto power in the IMF and the World Bank. It directs the changing rules of international finance by China’s political leadership with the counter effects on the economic infrastructure of international community.

Coordination to establish the SCO and the changing rules of international cooperation of security system. The SCO aims to maintain the regional security, and is developing towards a coordinator of Members’ political, economic, and social policies. The SCO was established in 2001 by China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. It has enrolled Uzbekistan, India, Pakistan, Iran, and Belarus as the new Members. It has granted Afghanistan and Mongolia as the Observatory Members. Other nine countries have been listed as the Dialogue Partners. The membership of SCO is open for any states. It has become a comprehensive regional organization with the populations and the territories respectively taking 42% and 23% of the global totality.⁵⁴ It has been more than 20 years since the SCO was established to contribute the regional common, comprehensive, cooperative, and sustainable security. The SCO is crucial important with the political leadership for the global system of security as the superstructure of international community, in particular the formation of new rules of international cooperation for security.

Conclusion

The world at present is under the intertwined impact of once-in-a-century global changes. The changing ITE rules in areas of trade, finance, and investment appear a very complex situation. The United States is turning to the unilateral foreign trade policy. It has resulted in the dysfunction of MFN within the multilateral trading system, at least for the trade on goods. However, other WTO substantive rules remain fundamentally unchanged. The United States deliberately blocks the appointment of the AB Members resulting in a paralyzed AB. It is the mostly worried change of the WTO regime. At same time, it should be noticed that the United States wants to maintain its hegemony of USD with its sole veto power in the IMF and the World Bank. In consequence, the rules of international finance have not been changed. The rules of international investment are still embodied in thousands

⁵² Asian Infrastructure Investment Bank: Article Agreement, June 29, 2015, at Beijing.

⁵³ Members and Prospective Members of the Bank [online] [2025-05-14]. <https://www.aiib.org>.

⁵⁴ SCO Member states [online] [2025-05-14]. <http://eng.sectsc.org>.

of BITs and hundreds of RTAs with the investment chapters or clauses as an incomplete system, but the new rules such as the sustainable investment emerged. Based on the objective assessment on the changing ITE rules, the considerations are taken from the perspective of political economics by application of Marxian Historical Materialism to analyze the economic infrastructure of international community in determining the changing ITE rules, and the political leadership with positive or negative orientation directing the changing ITE rules and counter effects on the economic infrastructure. These considerations are necessary to understand the underlying economic causes or driven forces of the changing ITE rules and the importance of the political leadership with different effects. It serves for the responses to the unknown change in a century with Chinese solutions of global governance and the implementation in practices, aiming to promote the changing ITE rules towards a fairer and just world.

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