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FOREIGN TRADE POLICY UNDER CONDITIONS OF POLYCENTRISM

Vladislav S. ZAGASHVILI,
ORCID 0000-0002-2037-5729, zagashvili@imemo.ru
Primakov National Research Institute of World Economy and International Relations,
Russian Academy of Sciences (IMEMO), 23, Profsoyuznaya Str., Moscow, 117997, Russian Federation.

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Abstract. The deepening trend towards polycentrism has become one of the main reasons for the aggravation of trade contradictions between the leading participants of the global market. The foreign economic policy of developed countries is largely determined by the tasks associated with countering the onslaught of the PRC, but is not limited to them. It pursues the goals of reindustrialization and reducing dependence on imports, and is aimed at diversifying sources of supply of strategic goods. Unlike the United States, which prefers coercion to cooperation and ultimatums to compromises, the EU foreign trade policy is focused on expanding rather than curtailing external ties, on creating international alliances rather than isolationism. In China's foreign economic policy, the goals of import substitution and import diversification are also quite clearly traced. They are focused mainly on the tasks of reducing dependence on foreign technology by building up its own scientific and technical potential, as well as increasing the importance of the domestic market compared to the foreign one. The trade war against the rest of the world, started by Washington, could become a catalyst for the division of the world economy into two blocs. Partial and temporary mutual isolation between blocs is possible. But a radical split will not occur: such an option would entail unacceptably high costs for everyone. The trend towards polycentrism does not make fragmentation of world trade inevitable. The first is determined by objective reasons – the emergence of new leaders in the world economy. The second depends on the foreign trade policy of the leading powers, in which the lines of import substitution and import diversification are clearly visible. Fragmentation is promoted by the import substitution policy, while diversification policy leads to the development of global trade. The interweaving of these two directions in the trade policy of leading countries makes the movement from polycentrism to fragmentation a story with an open ending.

Keywords: international trade, foreign trade policy, protectionism, import substitution, import diversification, polycentrism, fragmentation of the world economy.

About author:

Vladislav S. ZAGASHVILI, Dr. Sci. (Econ.), Professor.

ВНЕШНЕТОРГОВАЯ ПОЛИТИКА В УСЛОВИЯХ ПОЛИЦЕНТРИЗМА

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ЗАГАШВИЛИ Владислав Степанович, доктор экономических наук, профессор,
ORCID 0000-0002-2037-5729, zagashvili@imemo.ru
ИМЭМО им. Е.М. Примакова РАН, РФ, 117997 Москва, ул. Профсоюзная, 23.

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Аннотация. Рассмотрены современные тенденции и направления во внешнеторговой политике – рост протекционизма, импортозамещение и диверсификация импорта в трех центрах мировой экономики (США, КНР и ЕС). Определены возможные последствия торгово-политического наступления, предпринятого американской администрацией в первой половине 2025 г., включая усиление тенденции к фрагментации мировой торговли, замедление роста американской и всей мировой экономики, деградацию отношений с ЕС, ускорение инфляции, ослабление позиций США на мировом рынке.

Ключевые слова: международная торговля, внешнеторговая политика, протекционизм, импортозамещение, диверсификация импорта, полицентризм, фрагментация мировой экономики.

The deepening trend toward polycentrism in international economic relations has become one of the main reasons for the escalation of trade controversies among the leading players in the global market. International trade is increasingly influenced by political factors, while foreign economic policy is becoming more protectionist. Along with restrictions on foreign investment and international migration, trade barriers are contributing to the fragmentation of the global economy. There are two dimensions to this trend toward fragmentation: bloc-based and regional. The former is driven by geopolitical factors, while the latter emerged as one of the consequences of the 2020 pandemic. Today, the main threats stem from the political sphere. In foreign economic policy, particularly in trade, investment, scientific, technical, and cooperative relations, the importance of political proximity between partners has increased significantly. The damage caused to global economic growth by rising protectionism is evident. Nevertheless, the scope of trade restrictions continues to expand, and with Donald Trump's return to the U.S. presidency, it has become increasingly unpredictable.

INCREASED PROTECTIONISM

It is worth remembering that during the Great Depression of the 1930s, the desire to isolate from the outside world and “protect” domestic producers had devastating consequences for the global economy. The Smoot-Hawley Act (1930), which provided for a sharp increase in U.S. customs tariffs, provoked retaliation from other countries and led to a collapse in international trade, contributing to the deepening of the crisis in the United States itself and its spread to virtually the entire world.

It would seem that the negative experience of attempting to solve domestic problems at the expense of international partners should have permanently discredited the idea of a protectionist response to economic difficulties. Indeed, the second half of the 20th century was marked by active trade liberalisation, which significantly accelerated the processes of globalisation. Until recently, WTO (World Trade Organization) members generally adhered to its rules, and disputes were mostly resolved through a mechanism specifically designed for such cases. In particular, during the 2008–2009 crisis, often referred to as the Great Recession by

analogy with the crisis of the 1930s, protectionist measures generally remained within the limits set by WTO rules. During the COVID-19 pandemic, trade restrictions were short-lived and mainly concerned the export of medical products. At the same time, the number of new measures aimed at trade liberalisation exceeded the number of additional restrictions.

However, it should be noted that the lesson learned nearly a century ago has not been fully absorbed. In the context of the emerging trend toward greater fragmentation of the global economy, countries increasingly resort to unilateral trade policy measures with a protectionist orientation. Accordingly, the number of protective measures, anti-dumping, countervailing, and special measures, is growing.

According to WTO data, a total of 173 anti-dumping investigations were initiated, and 135 anti-dumping measures were adopted in 2010. In 2020–2021, these figures peaked: in 2020 – 355 and 110; in 2021 – 186 and 286, respectively. Activity then declined: in 2022 – 89 and 107; in 2023 – 191 and 86. A similar trend was observed for countervailing measures: in 2010, 9 investigations were initiated, and 19 measures were taken; in 2020 – 56 and 24; in 2021 – 18 and 41; in 2022 – 19 and 18; in 2023 – 27 and 11. As for special protective measures, the picture is less consistent: in 2010 – 20 investigations and 4 measures; in 2020 – 22 and 12; in 2021 – 10 and 9; in 2022 – 4 and 2; in 2023 – 12 and 6 [sources 1, 2]. However, it is well known that small quantitative indicators are, by nature, more volatile.

The trend toward protectionism cannot be described as dominant. Alongside restrictions, governments are also introducing measures to facilitate trade, such as reducing customs duties, eliminating restrictions, and simplifying customs procedures. Moreover, such actions generally outweigh restrictive measures in terms of their impact on international trade (Table 1).

Among the trade policy measures adopted by WTO member countries during the COVID-19 pandemic, trade-facilitating measures predominated. This trend was particularly evident in the area of import regulation, whereas export policy was largely dominated by restrictions. Subse-

Table 1. Share of world trade covered by new trade-facilitating and trade-restricting measures, 2013–2024, %

	2013–2014	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024
Trade facilitation measures	6.40	0.91	1.51	1.07	1.68	2.80	3.88	2.74	4.72	3.80	5.30
Measures restricting imports	1.17	1.23	0.62	0.50	3.33	3.84	2.40	0.60	0.74	0.71	2.45
Protective measures	0.20	0.17	0.55	0.48	0.53	0.24	0.36	0.15	0.04	0.10	0.40

Note. The annual period is calculated from mid-October.

Tables 1, 2, and 3 are compiled according to: [sources 1, 2].

Table 2. Number of regulatory measures adopted by WTO member states in connection with the COVID-19 pandemic

	Trade facilitating		Trade restrictive	
	Total adopted	Including those cancelled ¹	Total adopted	Including those cancelled ¹
Affecting imports	213	125	21	11
Affecting exports	27	11	175	160
Other	16	6	9	7
Total	256	142	205	178

¹ As of mid-October 2024.

Table 3. Current import restrictions, 2015–2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of import restrictions in force	531	496	736	1383	1550	1427	1992	2280	2610
Share in global imports, %	3.24	3.12	4.18	7.10	7.66	7.69	8.85	8.53	10.48

quently, most of these export restrictions were lifted. As of mid-October 2024, 114 trade-facilitating measures adopted during the pandemic remained in force, compared with only 27 restrictive measures (Table 2).

Nevertheless, import restrictions are increasing. In particular, between 2015 and 2023, the number of import restrictions in force rose from 531 to 2,610, and the volume of world trade affected by them increased from 3.24% to 10.48% (Table 3).

The current stage of protectionism is characterised by “the increasing transformation of protective instruments into coercive tools” [1]. This observation presumably applies primarily to Donald Trump’s trade policy. The initiative in the trade conflict between the USA and China has come from the American side, which previously resorted to restrictions that became the subject of dispute within the WTO. In 2018, Donald Trump initiated the current phase of confrontation with

Beijing by sharply increasing import tariffs on a number of Chinese goods. Subsequently, export restrictions were introduced, aimed at the technological containment of China, which, in turn, adopted a number of retaliatory measures against American products.

Attempts to resolve the trade conflict brought only a temporary lull. High hopes were pinned on the deal between Washington and Beijing concluded in early 2020. However, it did not bring about the desired increase in American exports to China. During Joe Biden’s presidency, the course of trade confrontation with China continued.

In February 2025, Trump launched a new round of trade wars by announcing extremely high tariffs on all significant participants in world trade. Tariff increases were announced and then postponed, accompanied by threats of even higher rates if partners implemented retaliatory measures.

Forecasts for global trade development have been marked by heightened expectations of a wide-

spread rise in protectionism. According to surveys conducted on the eve of the 2025 World Economic Forum, most leading economists working for international organisations, large companies, and banks believe that the main factors determining the development of global trade over the next three years will include protectionism, supply chain restructuring, national security measures, and conflicts, including sanctions. The forecasts also point to outpacing growth in intra-regional trade flows compared to inter-regional ones, along with the continued trend toward maintaining economic ties mainly with politically aligned countries [source 3].

The foreign economic policy of developed countries is largely shaped by efforts to counter pressure from China, but is not limited to this objective. It also pursues goals such as reindustrialisation and import substitution, and aims to diversify sources of supply for strategic goods. The use of export restrictions in the high-tech sector is expanding, as is the application of instruments developed under the climate agenda. All three major economic centres aim to draw as many countries as possible into their respective spheres of economic influence through global infrastructure projects. It is not possible to outline the entire spectrum of contemporary foreign trade policy directions in a single article. It can only be noted that these policies share many points of intersection in terms of goals, instruments, and methods, especially in the areas of import substitution and import diversification.

IMPORT SUBSTITUTION POLICY

The import substitution policy is aimed at reducing dependence on foreign supplies. This primarily applies to goods of strategic importance in the current environment (e. g., rare earth metals, semiconductors, batteries, solar panels, etc.). Strategic initiatives and legal acts adopted in recent years by the three centres of the global economy, the USA, China, and the EU, provide for significant state funding aimed at creating conditions conducive to capital inflows and the build-up of industrial, scientific, and technical potential. The import substitution policy largely coincides with the reindustrialisation policy in terms of its instruments and methods.

The USA has passed a number of laws aimed at accelerating technological development and encouraging investment. The best known are the CHIPS and Science Act (2022) and the Inflation Reduction Act (2022). The former provides significant subsidies and tax benefits to stimulate the development and production of semiconductors. The latter stimulates the production of electric vehicles in the United States through tax remissions, conditional on the use of locally manufactured components. Both are designed to promote import substitution in industries driving progress in key areas of modern development, such as artificial intelligence and the energy transition.

Between 2018 and 2025, the USA repeatedly tightened export control measures, prohibiting American companies from exporting high-tech products to China or manufacturing them on Chinese territory. The ban also applies to companies from other countries that use American technologies in the production of these goods. These restrictions, aimed at curbing the growth of China's industrial and scientific/technical potential, simultaneously slow down the transfer of production from the USA abroad. However, as related studies have shown, such measures can lead to higher product prices. To achieve economic gains, measures to curb foreign production must be sufficiently radical and comprehensive, and promote the return of production (reshoring). This result is easier to achieve when differences in comparative advantages between countries are small [2]. Obviously, this condition is not met in the case of the USA and China.

Washington, in its attempt to deprive China of access to advanced semiconductor technologies, needs the support of Japan, South Korea, and Taiwan, leaders in the global market. All have joined CHIP-4, a four-party alliance created on the initiative of the USA. However, its successful operation is hampered by a lack of mutual trust, as well as the close ties of some leading companies, especially those from South Korea, with China, which serves them as an important source of materials, a sales market, and an area for investment [3].

For obvious reasons, in the case of the PRC, the issue is not reindustrialisation, but rather the development of industrial and scientific/technical potential. However, the goals of import sub-

stitution are clearly traceable in Beijing's foreign economic policy, which is mainly focused on reducing dependence on foreign technologies and on the external market as a whole. The "dual circulation" strategy and other initiatives adopted by the PRC in recent years envisage the expansion of the domestic market and the acceleration of China's scientific and technological development.

In pursuit of its goal of becoming a global leader in innovation, China uses a variety of tools, including state funding for research and development, the acquisition of Western companies with the necessary expertise, the development of international cooperation ties, and encouragement for students to study abroad, with a view to their subsequent return. A significant portion of technology enters China through foreign direct investment, especially in the form of joint ventures. Western partners are dissatisfied with being forced to transfer technologies. In addition, Chinese companies are often accused of illegally borrowing technical solutions, accompanied by copyright infringement.

The EU's foreign economic policy also places great emphasis on reducing dependence on external factors in strategic sectors. At present, Europe depends on supplies of certain materials from countries that can hardly be considered strategic partners. This applies above all to China, which holds a virtually monopolistic position in global supplies of several rare earth elements. Moreover, European leaders are trying to halt the emerging lag in some key areas of scientific and technological development.

The main ideas in this area are set out in the EU's strategic autonomy concept. Initially focused on security, political independence, and the protection of European values, over time it has become increasingly concentrated on economic content. Its development in this direction has been stimulated by strengthened protectionism in U.S. trade policy, China's economic advance, and the COVID-19 pandemic. A reassessment of this experience in the context of the subsequent deterioration of the geopolitical situation has brought to the fore the tasks of reducing the EU's technological dependence and increasing the reliability of raw material supplies, especially concerning energy resources and materials used in advanced industries [4].

The path to greater self-sufficiency is fraught with numerous difficulties, while the benefits are not always obvious. After analysing the consequences of localisation policy using a dynamic general equilibrium model, experts from the European Central Bank concluded that measures aimed at replacing part of imports with locally produced goods do not always yield positive results. Likely negative consequences include higher domestic prices, a decline in productivity, and retaliatory measures by trading partners. Given these and other risks, researchers believe it is advisable to pursue import substitution policies only for goods at real risk of supply chain disruption, as well as in market sectors where European manufacturers are already highly competitive [5].

Taking these circumstances into account, Brussels now tends to discuss not strategic autonomy, but open strategic autonomy, emphasising the concept's focus on expanding rather than curtailing external relations, and on creating international alliances rather than fostering isolationism. This can be viewed as a significant difference between the European approach and the American one, which, at least in Trump's interpretation, favours coercion over cooperation and ultimatums over the search for mutually acceptable solutions.

IMPORT DIVERSIFICATION

The task of strengthening the stability of supplies, which became dramatically urgent during the pandemic and the subsequent deterioration of the geopolitical situation, is being addressed primarily by expanding the range of suppliers and, where possible, equalising their share of imports.

Since import substitution and import diversification share the common goal of reducing dependence on external factors, the associated government regulatory measures are often adopted as a single package. One example is the Executive Order on America's Supply Chains (2021), which aims to increase the reliability of supplies by reducing dependence on imports, diversifying sources of supply, and expanding domestic production.

The documents adopted in pursuit of the EU's strategic autonomy concept also feature a combination of measures aimed at import substitution and import diversification. The Economic Secu-

rity Strategy developed by the European Commission in 2023 aims to reduce the risks associated with supply chains, counter the threat of economic coercion by other countries, and prevent the leakage of critical technologies by tightening controls on exports and foreign investment. In the same year, the EU adopted the European Chips Act, which provides for incentives to invest in the development and production of semiconductors with a view to reducing the EU's dependence on imports and increasing the share of European companies in the global semiconductor market. The Critical Raw Materials Act (2023) aims to ensure a sustainable supply of critical raw materials for European industry.

The factor of geopolitical proximity is having an increasing influence on the choice of trading partners by European companies. At the same time, as shown by an analysis carried out by European Central Bank specialists using a gravity model, this factor's influence in euro area countries is mainly evident in mining production, especially in "strategic" sectors, and to a much lesser extent in the processing industry. The authors explain this by the complexity of the task of finding alternatives to suppliers of technically complex products, as well as the deep integration of European companies into global supply chains [6].

Expanding sources of raw materials, supplies, and other products is one of the priorities of China's foreign economic policy. For many years, China has invested heavily in extractive industries abroad, ensuring a steady supply of raw materials to its economy. This has enabled it to displace the USA and EU countries in the global market not only as a seller of finished products, but also as an investor and buyer of strategically important raw materials.

It is understandable that import diversification is not a panacea. True, goods can be replaced, but the replacement will almost certainly cost more, and switching to another supplier takes time, involves transaction costs, and does not guarantee an adequate substitute in terms of price-quality ratio. The International Monetary Fund's calculations have shown that diversification can almost halve the losses associated with the rupture of trade links. Losses can be reduced even further through the interchangeability of production re-

sources, which is supported by the development of standardisation. Governments can promote diversification by developing transport infrastructure, providing information, reducing customs barriers, especially non-tariff barriers, and increasing the predictability and stability of trade policy. Researchers acknowledge that diversification "offers little protection, however, when a major disruption hits all economies at the same time, like the first four months of the pandemic" [7]. It should also be borne in mind that diversification entails certain costs, which under some conditions can offset its advantages [source 4].

Indeed, import diversification only reduces the losses associated with the disruption of trade links; it does not prevent them. Nevertheless, it is an important means of increasing resilience in times of global economic turbulence and is, in most cases, preferable to self-sufficiency. Diversification reduces dependence on individual sources and expands room for manoeuvre, which increases the economy's resistance to external shocks, strengthens bargaining positions, and, in general, has a stabilising effect on the dynamics of foreign trade turnover.

CONSEQUENCES OF TRUMP'S TRADE WAR

The trade and political escapades undertaken by Washington in the first half of 2025 may have far-reaching consequences for international trade, as they undermine the legal foundation of the WTO, which has already been experiencing a prolonged period of stagnation. The rise of protectionism will lead to a restructuring of international trade flows. In this scenario, exporters will seek new markets, while countries facing an influx of imports will introduce protective measures. As a result, the trade war launched by the USA against the rest of the world may become universal. In fact, something similar occurred nearly a century ago, with the initial impetus for trade wars also coming from across the ocean.

Not only will corporations headquartered in the target countries suffer significant losses, but also other multinational companies that have established production facilities in those countries to manufacture goods for the American market. This

applies not only to European or Asian companies but also to American firms. The increase in import duties will result in higher prices for American consumers and contribute to accelerated inflation across the economy.

Higher import tariffs raise the prices of imported goods, and if these goods are intermediate products used in global value chains, the effects will extend to other countries involved in those chains. This creates a cumulative trade barrier effect transmitted across global value chains [8]. As shown by calculations, the initial increase in import duties on goods imported into the USA from China raised costs for major American partners in global value chains (the EU, Canada, and Mexico) by \$ 500 million to \$ 1 billion. China's retaliatory measures did not have such a significant impact on its own partners, as American goods imported into China are less susceptible to re-export [9].

Calculations based on the New Keynesian model, carried out by a group of American economists, showed that a country imposing higher import tariffs can achieve only a short-term improvement in its trade balance. However, retaliatory import restrictions by trade partners are likely not only to negate these gains but also to increase the trade deficit. Most critically, raising import duties carries the risk of economic decline, which becomes virtually inevitable if retaliatory measures are imposed [10].

The likely slowdown in global economic growth will worsen the prospects for American exports and the participation of U.S. firms in global value chains, which will also negatively impact the U.S. economy. The list of companies affected by Trump's tariff policy was led by the U.S. itself, which suffered a 0.3% decline in GDP in annual terms in the first quarter of 2025 (while the last quarter of the previous year had shown 2.4% growth) [source 5]. Interestingly, the main negative factor was not the increase in tariffs per se, but the anticipation of them, which caused a sharp rise in imports, driven also by a series of contradictory statements from Washington regarding the administration's next steps.

According to World Bank experts, the tariff war initiated by Trump will be the main reason for the slowdown in global GDP and overall trade in

2025, with declines from 2.8% to 2.3% and from 3.4% to 1.8%, respectively, compared to the previous year. The drop in U.S. GDP growth will be particularly dramatic, falling from 2.8% to 1.4%. China's GDP growth will also slow, but to a lesser extent, from 5.0% to 4.5% [source 6].

It is possible that the countries taking on the role of intermediaries between the two blocs will benefit the most. Despite the numerous advantages offered by Beijing to foreign investors, many of them adopted the "China+1" strategy as far back as the 2000s, beginning to develop production in neighbouring countries. Over time, some went beyond merely building factories to complement existing ones in China and took more radical steps by fully relocating production to other countries. Factors underlying this strategy include rising wages, and, accordingly, production costs, in the PRC, the risks associated with a transitional economy, and the desire to reduce dependence on China both as a source of supply and as a market for products [11].

The transfer of production from China to other countries intensified during Donald Trump's first term in office. Foreign companies sought to withdraw their products from the scope of increased tariffs imposed by the U.S. administration on Chinese goods. The pandemic, accompanied by disruptions to global value chains, reinforced this trend. The diversification of sources of supply, aimed at increasing the stability of supplies, became the predominant motive. The anti-COVID measures, which were particularly strict in China, provided an additional incentive to relocate production to other countries.

The continued policy of economic containment of China during Joe Biden's presidency, the escalation of the geopolitical situation, and the restrictions imposed in this context prompted many companies to develop business relations primarily with partners from politically friendly countries. The main beneficiaries of the "China+1" strategy have been Asian countries (India, Vietnam, Indonesia, Thailand, Malaysia, etc.), as well as Mexico, which falls within the free trade zone encompassing the United States and Canada [source 7].

In the first half of 2025, Trump, by reducing to absurdity his claim that trade wars are supposedly

“easy to win”, unwittingly revealed the flaws in his chosen strategy. Its goal, after all, is not merely to contain China, but to strengthen the United States. The architects of American foreign economic policy are seeking not to move enterprises from China to third countries, but to repatriate production from all countries back to the USA. However, the more likely consequence of the trade war launched by Trump is not the strengthening, but the weakening, of the U.S. position in the global market.

The prospect of deteriorating relations among Western countries is becoming increasingly likely, an outcome that serves China’s interests, as it is much easier for Beijing to obtain trade concessions and negotiate the removal of restrictions when dealing with individual governments that are not bound by allied obligations. Moreover, Trump’s tariff “attack” on virtually the entire world has created conditions for rapprochement even between countries previously engaged in trade disputes. Beijing was quick to take advantage of the situation, attempting to unite the efforts of various countries in opposition to American protectionism.

However, many of China’s potential allies are opting for bilateral negotiations with the USA. Of particular importance to them are not only trade issues, but also investments that contribute to economic growth and technological advancement in industry. Countries that have substantially benefited from the “China+1” strategy would like to see this process continue and are trying to avoid steps that could jeopardise the prospects of their economic relations with the USA. An alliance with Beijing against Washington would create just such a situation. Nevertheless, even under these conditions, China’s efforts to find allies in its trade confrontation with the USA may bear some fruit, primarily in Southeast Asian countries.

RESULTS AND CONCLUSIONS

A series of decrees and statements by the American president prescribing a sharp increase in import tariffs was an unprecedented phenomenon in the first half of 2025 that shook world trade. By resorting to restrictive trade measures, Washington hopes to stimulate the “return” of production to

the United States. Such an effect is indeed possible, but its scale is difficult to assess. However, it is safe to assume that the relocation of production will disrupt global value chains, increase manufacturing costs, and require significant expenditure, that will inevitably be borne by consumers. The achievement of the other two goals, reducing the trade imbalance and the budget shortfall, is also not guaranteed, especially given the likely prospect of a downturn in the global economy, which is being brought about by Washington’s actions.

If trade wars continue, the USA will face higher production costs and, accordingly, a rise in prices. China’s economic growth will be constrained by the limitations of developing markets, which are not capable of ensuring the scale and structure of demand for Chinese goods comparable to those of developed countries. The trade war against the rest of the world, initiated by Washington, may become a catalyst for the division of the global economy into two blocs: the American bloc, which will include countries that succeed in reaching agreements with the USA, and the Chinese bloc, which will encompass countries that expect to gain greater benefits from deepening economic ties with China.

Developing countries, except for those that succeed in positioning themselves as intermediaries in economic relations between the USA and China, will find themselves in the most vulnerable position. So far, deepening economic cooperation with developed countries (involving capital, technology, and access to sales markets) has been a key factor in the success stories of these states. While China’s economy has grown significantly in recent decades, it cannot yet fully replace the West as a growth engine for the countries of the Global South. The prospect of these countries collectively uniting around China seems unlikely.

Two factors will most likely determine which bloc countries align with: economic benefit, shaped by the structure of the national economy, and political compatibility. Clearly, the first factor is long-term and fundamental, while the influence of the second is typically limited to periods of heightened geopolitical tension.

Partial and temporary (as should be emphasised) reciprocal isolation of countries belonging to different blocs is possible. The key questions concern its extent and duration. Virtually all leading powers have set a course for increased self-reliance in strategically important areas. In this respect, costs will likely be of secondary importance. In other areas, the degree of reciprocal isolation will depend on the associated costs. Economic ties between countries belonging to different blocs will largely remain intact, and those that are severed will, in many cases, be restored after the acute phase of the geopolitical crisis ends. A radical split in the global market is unlikely, as this would entail unacceptably high costs for all participants.

The trend toward polycentrism does not make the fragmentation of world trade inevitable. This tendency is driven by objective factors most notably, the emergence of new leaders in the global economy. Whether fragmentation occurs depends on the foreign trade policies of the leading powers, which currently clearly follow the paths of import substitution and import diversification. Fragmentation is encouraged by import substitution policies; at the same time, expanding the circle of trading partners through diversification efforts promotes the development of global trade. The intertwining of these two trends in the trade policies of major powers makes the transition from polycentrism to fragmentation a story with an open ending.

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