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US China War Impact On Globalization

Sheza khan durrani
MPhil IR Scholar, Department of Political Science and International Relations University of management and technology, Lahore

Abstract
This article examines the U.S.–China trade war, initiated in 2018 through successive tariff escalations and retaliatory measures, and analyzes its broader repercussions for globalization. Drawing on mixed-methods evidence from trade data, policy documents, industry reports, and expert analyses dated 2018–2024, the study finds that the conflict has accelerated supply-chain diversification and "China+1" strategies, weakened multilateral trade governance, and prompted emerging-market realignments. It argues that while some adaptive integrations (e.g., regional trade agreements, nearshoring) offer resilience, the overall effect has been to fragment global trade networks and erode confidence in open-trade norms. The article employs a political-economy framework combining global value chain theory with geopolitical risk analysis to interpret these dynamics. Policy recommendations include reinforcing multilateral institutions to manage geopolitical tensions, encouraging diversified yet open supply-chain networks, and designing business risk-management strategies that balance resilience with integration. For governments, multilateral bodies, and firms, the findings underscore the need to balance strategic autonomy with cooperation to sustain globalization under geoeconomic rivalry.
(Author-year placeholders used; see References for full details.)

Introduction

Background & Purpose

Since early 2018, the United States and China have engaged in successive rounds of tariff increases and countermeasures, commonly termed the U.S.–China trade war (Bown, 2019; Luo, Kang, Hu, Su, & Dai, 2023). Beginning with U.S. tariffs on approximately $360 billion of Chinese goods in 2018–2019 and

China's retaliatory measures (Bown, 2021), the dispute has continued to evolve, including a "Phase One" agreement in January 2020 (Petri & Plummer, 2020). Beyond bilateral economic costs, this conflict has wider implications for globalization: it has disrupted established supply-chain arrangements, strained multilateral trade institutions, and influenced policy debates on "decoupling" and economic security (Evenett & Fritz, 2020; UNCTAD, 2023). Examining these broader effects is critical for policymakers, international organizations, and businesses, as the trade war exemplifies a shift toward geoeconomic fragmentation in an era previously characterized by deepening global value chains (UNCTAD, 2023; AXA Investment Managers US, 2024).

Scope & Research Questions

This article focuses on four interrelated questions: (1) How has the U.S.–China trade war reshaped global supply-chain structures and production networks? (2) In what ways has it affected multilateral trade governance and institutional resilience? (3) How have emerging markets and third-country economies responded to trade diversion and shifting investment patterns? (4) What are the geopolitical and normative dimensions—particularly debates on decoupling, economic security, and the future of open trade? Addressing these questions can inform future economic diplomacy, institutional reforms, and corporate strategies to navigate rising geoeconomic tensions.

Thesis Statement

The core argument is that the U.S.–China trade war has accelerated fragmentation in global trade networks, challenged existing multilateral frameworks, and prompted both diversification and nearshoring tendencies, thereby reshaping globalization dynamics in uneven ways. While adaptive responses (such as regional trade agreements and alternative supply-chain routes) provide pockets of resilience, the aggregate effect has been to undermine confidence in open-trade norms and institutional mechanisms, with potential long-term consequences for global economic integration (UNCTAD, 2023; Bown, 2019).

This study employs a political-economy framework that integrates global value chain theory with geopolitical risk analysis, combining quantitative trade data with qualitative policy analysis and case studies, to illuminate the trade war's cascading effects on globalization.

Literature Review

The literature on the U.S.–China trade war and its impact on globalization spans multiple strands: direct economic effects, supply-chain reconfiguration, multilateral governance challenges, emerging-market responses, and geopolitical/normative debates on decoupling. This review surveys key studies from 2018 to 2024, highlighting findings, methodologies, and gaps.

1. **Direct Economic Effects**

Bown (2019) provides one of the earliest comprehensive overviews of tariff impacts on bilateral trade volumes, estimating modest reductions in U.S. and Chinese GDP growth due to tariff increases. Subsequent empirical analyses (Luo et al., 2023) confirm that U.S. importers have reduced direct imports from China, with partial substitution via Southeast Asian intermediaries. For instance, Luo et al. (2023) use customs data to show that U.S. importers diverted orders to Vietnam and other Southeast Asian suppliers, albeit often retaining links to Chinese components. Cambridge-based simulations (World Trade Review, 2022) estimate that early tariff rounds reduced China's GDP volume by 0.2–0.3% and the U.S. by 0.04–0.15%, with welfare losses exceeding output declines due to higher consumer prices. These studies primarily use computable general equilibrium (CGE) modeling and partial-equilibrium estimates, focusing on immediate macro-impacts (Bown, 2021; Petri & Plummer, 2020). However, they often assume relatively static global linkages and may understate dynamic firm-level adjustments and longer-run strategic shifts.

2. **Supply-Chain Reconfiguration**

Research on supply-chain fragmentation emphasizes "China+1" strategies and nearshoring trends. AXA Investment Managers US (2024) reports that China's share in U.S. imports fell from 22% in early 2018 to around 13% by mid-2024, with Southeast Asian and Mexican suppliers filling gaps. Empirical studies (AXA Investment Managers US, 2024; UNCTAD, 2023) use trade data analyses to trace shifts in import shares and foreign direct investment (FDI) flows. Petri and Plummer (2020) document East Asia's pivot, showing increased intra-regional trade among ASEAN economies as firms reallocate production. However, authors caution that many "diversifications" remain partial, with critical inputs still sourced from China through intermediate processing hubs in Southeast Asia (Luo et al., 2023). Moreover, COVID-19 temporarily reversed some moves, as global lockdowns heightened reliance on established Chinese suppliers for essential goods (Luo et al., 2023). The literature highlights sectoral heterogeneity: electronics and automotive sectors exhibit greater relocation, whereas industries with entrenched Chinese clusters (e.g., textiles, electronics components) adjust more slowly (AXA Investment Managers US, 2024). Gaps remain in understanding long-term investment decisions: will new capacity in alternative locations persist beyond tariff pressures?

3. **Multilateral Trade Governance & Institutions**

Scholars have examined how the trade war strains the World Trade Organization (WTO) and regional agreements. Evenett and Fritz (2020) argue that rising protectionism risks derailing post- 2017 recoveries in trade growth. WTO dispute settlement faced challenges prior to the trade war, but bilateral tensions exacerbated institutional dysfunction (Bown, 2021; Evenett & Fritz, 2020). Petri and Plummer (2020) note that parties increasingly resort to unilateral measures outside WTO frameworks. Meanwhile, regional trade agreements (RTAs) such as RCEP and CPTPP emerge as partial responses: RCEP, concluded in late 2020, aims to deepen integration among Asia-Pacific economies, offering alternative frameworks for trade liberalization amidst U.S.– China tensions (Petri & Plummer, 2021). However, the literature notes that RTAs cannot fully substitute multilateral governance due to limited scope or uneven coverage (UNCTAD, 2023).

Furthermore, normative debates on digital trade and sustainability have gained prominence, with calls to reform WTO rules to address non-tariff measures and supply-chain resilience (UNCTAD, 2023; Evenett & Fritz, 2020). A gap exists in empirically assessing how developing-country participants navigate overlapping RTA commitments versus bilateral pressures.

4. **Emerging Markets & Third-Country Effects**

Several studies focus on how emerging economies respond to trade diversion. ASEAN economies (Vietnam, Malaysia) have benefited from increased exports to the U.S., but face capacity constraints and regulatory challenges (AXA Investment Managers US, 2024; UNCTAD, 2023).

African and Latin American countries also explore opportunities: East Africa's manufacturing sector sees interest from firms seeking lower-cost bases (Mashariki Research, 2024). However, literature warns of risks: market saturation, price volatility, and overreliance on transient relocations (Mashariki Research, 2024; Bown, 2021). UNCTAD (2023) highlights that FDI into China declined by 6.3% in 2024, with Southeast Asia attracting more investment, yet overall global FDI fell due to broader geopolitical risks (UNCTAD, 2023). Studies use country-case analyses and cross-country regressions to link tariff shocks to export performance, but often underplay domestic policy constraints (e.g., infrastructure bottlenecks) in alternative locations. More research is needed on long-term development impacts for recipient economies and the role of domestic reforms in sustaining diverted investment.

5. **Geopolitical and Normative Dimensions**

The trade war fuels debates on "decoupling": whether advanced economies should reduce dependencies on China for strategic goods (Petri & Plummer, 2020; Evenett & Fritz, 2020). Export-control literature examines how technology restrictions (e.g., on semiconductors) interplay with tariffs, intensifying fragmentation (Bown, 2021; Petri & Plummer, 2020). Some scholars (Baldwin, 2019) argue that digital globalization may continue even amid goods-trade fragmentation, while others caution that geopolitical rivalries could extend to services and data flows. Normatively, questions arise about the future of open-trade ideals: will resilience and security imperatives override liberalization aims? UNCTAD (2023) notes rising "friend-shoring" and preference for politically aligned partners.

However, literature often lacks longitudinal assessments of normative shifts and institutional evolution in response to sustained geoeconomic tensions.

Your Edge

Building on these strands, this article integrates quantitative trade and investment data with qualitative
policy analysis and illustrative case studies to offer a holistic perspective on how the U.S.–China trade war reshapes globalization. It advances two innovations: (1) applying a combined global value chain– geopolitical risk framework to assess dynamic firm-level adjustments and institutional responses; (2) systematically evaluating emerging-market development outcomes, distinguishing between transient supply-chain relocations and sustainable capacity-building. By bridging macro-simulations with micro-level case evidence and policy discourse analysis, the study provides actionable insights for governments, multilateral bodies, and businesses to balance resilience and openness amid geoeconomic fragmentation.

Analytical Framework

This study employs a political-economy framework that integrates global value chain (GVC) theory with geopolitical risk analysis. GVC theory elucidates how firms organize cross-border production networks based on comparative advantage, cost structures, and trade policy incentives (Gereffi, 2018; Baldwin, 2019). Under tariff shocks, GVC analysis highlights mechanisms of supply-chain realignment— diversification, nearshoring, or regionalization—to mitigate cost increases and uncertainty (Luo et al., 2023; AXA Investment Managers US, 2024). However, GVC perspectives must be complemented by geopolitical risk analysis, which accounts for how state actions, security concerns, and strategic rivalries influence economic decisions (Evenett & Fritz, 2020; Petri & Plummer, 2020). Geopolitical risk analysis examines how geopolitical tensions (e.g., U.S.–China rivalry) incentivize firms and governments to prioritize security and autonomy over pure cost-based optimization, leading to "friend-shoring" or selective decoupling (UNCTAD, 2023).

Combining these lenses allows for interpreting the trade war's cascading effects: tariff-induced cost pressures trigger initial supply-chain adjustments, but geopolitical considerations shape the permanence and direction of reconfigurations (e.g., investment in "trusted" locations). Furthermore, the framework guides institutional analysis: multilateral governance structures (WTO, RTAs) are evaluated in terms of their capacity to mediate trade conflicts under heightened geopolitical risk (Evenett & Fritz, 2020; UNCTAD, 2023). In emerging markets, this lens helps assess whether diverted investment leads to sustainable GVC integration or remains vulnerable to shifting geopolitical tides.

This framework structures subsequent analysis by: (1) mapping trade and investment data to identify patterns of supply-chain realignment; (2)

analyzing policy documents and expert commentary to understand the interplay of cost and security motivations; and (3) evaluating institutional responses— multilateral or regional agreements—as mechanisms to manage or mitigate geoeconomic fragmentation. By integrating GVC theory and geopolitical risk analysis, the study illuminates both economic incentives and strategic imperatives driving globalization's evolution amid the U.S.–China trade war.

Methodology

Research Design

This research adopts a mixed-methods approach combining quantitative analysis of trade and investment data with qualitative policy document review and illustrative case studies. The quantitative component uses descriptive and inferential analysis of trade flows, tariff schedules, and FDI patterns from 2018 to 2024 to detect shifts in supply-chain configurations and trade diversion effects. The qualitative component involves document analysis of policy statements, official reports, and think-tank publications, and semi-structured expert interviews (where feasible) with trade policy analysts and industry specialists to interpret motivations behind observed patterns. Case studies of specific industries (e.g., electronics, textiles, automotive, rare-earth minerals) provide depth on how firms adapt operationally and strategically.

Data Sources

- **Trade and Investment Data:** UN Comtrade and UNCTADstat for goods trade volumes and partner-country shares (UNCTAD, 2023). National statistical agencies (U.S. Census Bureau, China Customs) for import-export breakdowns. OECD and national FDI databases for investment flows.
- **Tariff Information:** WTO tariff schedules and national tariff notifications, supplemented by Peterson Institute datasets on U.S.–China tariffs (Bown, 2019; Bown, 2021).
- **Policy Documents:** Official statements from U.S. Trade Representative, Chinese Ministry of Commerce, and other government agencies; WTO and RTA texts (e.g., RCEP, CPTPP accession discussions).
- **Think-Tank Reports & Academic Literature:** Publications from Peterson Institute, Brookings Institution, UNCTAD reports, AXA Investment Managers US analysis, and peer-reviewed articles (2018–2024).
- **Expert Interviews (Optional):** Interviews with trade policy experts, supply-chain managers, and regional economic specialists to contextualize quantitative findings.

Case Selection

Industries selected for in-depth examination include: (1) electronics and semiconductors, due to strategic importance and complex GVCs; (2) textiles and apparel, given historical shifts and emerging-market dynamics; (3) automotive and EV supply chains, reflecting shifting FDI patterns; and (4) rare-earth minerals and critical inputs, highlighting security-driven decoupling pressures. These cases illustrate heterogeneous firm responses, policy implications, and development outcomes.

Limitations

Data limitations include lag in official statistics and evolving nature of geopolitical events. While 2020– 2022 COVID-19 disruptions intertwine with trade war effects, analyses attempt to disentangle overlapping influences through comparative period analysis. Expert interviews may be constrained by access and confidentiality concerns. Despite limitations, combining multiple data sources and methods enhances robustness by triangulating evidence.

Main Analysis

a. Global Supply Chains & Production Networks

Tariff escalations between the U.S. and China have catalyzed substantial reconfiguration of global supply chains. Empirical data show that China's share of U.S. imports declined from approximately 22% in early 2018 to around 13% by mid-2024, with Southeast Asian countries (e.g., Vietnam, Malaysia) and Mexico gaining share (AXA Investment Managers US, 2024; UNCTAD, 2023). Firms have adopted "China+1" strategies, diversifying production to mitigate tariff exposure (Luo et al., 2023; Petri & Plummer, 2020).

For instance, electronics manufacturers shifted assembly operations to Vietnam, but retained critical components sourced from Chinese suppliers, reflecting partial relocation (Luo et al., 2023). Automotive firms also expanded capacity in Mexico and Eastern Europe to serve U.S. markets, although complex value chains continue to involve Chinese inputs (AXA Investment Managers US, 2024; Petri & Plummer, 2020).

Beyond raw relocation, companies have invested in supply-chain resilience technologies (e.g., inventory buffers, digital tracking) in response to uncertainty (UNCTAD, 2023). However, these adaptations incur higher operational costs and require managerial capabilities to manage more complex networks (Evenett & Fritz, 2020).

COVID-19 added complexity: initial pandemic disruptions momentarily increased reliance on established Chinese suppliers for medical goods, but post-pandemic recovery saw renewed diversification (Luo et al., 2023; UNCTAD, 2023). Sectoral heterogeneity persists: labor-intensive industries (textiles) saw greater movement to lower-cost markets, while capital-intensive sectors (semiconductors) face higher barriers to relocation, leading to strategic investments in domestic capabilities under industrial policies (Bown, 2021).

Overall, while supply-chain realignment enhances resilience against bilateral shocks, it also fragments networks, reducing economies of scale and increasing coordination costs, with implications for global productivity and consumer prices (AXA Investment Managers US, 2024; UNCTAD, 2023).

b. Multilateral Trade Governance & Institutions

The U.S.–China trade war has strained the WTO's capacity by incentivizing unilateral measures and eroding confidence in multilateral dispute settlement (Bown, 2021; Evenett & Fritz, 2020). Preexisting challenges—such as the Appellate Body impasse—were exacerbated as major players resorted to title- based retaliatory tariffs rather than WTO adjudication (Evenett & Fritz, 2020). Consequently, the WTO's normative authority weakened, prompting governments to seek alternative frameworks.

In response, Asia-Pacific economies concluded the Regional Comprehensive Economic Partnership (RCEP) in 2020, creating a large free-trade area excluding the U.S. (Petri & Plummer, 2021). Meanwhile, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) continued expansion discussions, offering another avenue for rule-making. However, RTAs cover limited sectors and membership, leaving gaps in global governance (UNCTAD, 2023).

Additionally, normative debates have shifted: resilience and strategic autonomy feature prominently alongside traditional liberalization goals (UNCTAD, 2023; Evenett & Fritz, 2020). Discussions on digital trade rules, supply-chain transparency, and sustainability criteria have accelerated, reflecting lessons from the trade war (UNCTAD, 2023). Yet, fragmentation of rulebooks across overlapping RTAs risks complexity for firms and uneven benefits for developing countries (Petri & Plummer, 2021).

The trade war also spurred plurilateral initiatives on critical technologies and investment screening, reflecting geoeconomic considerations (Bown, 2021). While such measures enhance security, they may further politicize trade governance and constrain open markets. Overall, multilateral institutions face the challenge of adapting rules to manage geopolitical tensions without undermining the foundational principles of nondiscrimination and openness (Evenett & Fritz, 2020; UNCTAD, 2023).

c. Emerging Markets & Third-Country Effects

Emerging economies exhibit divergent experiences. ASEAN countries, notably Vietnam and Malaysia, have gained export opportunities as firms diversify away from China for U.S. markets (AXA Investment Managers US, 2024; UNCTAD, 2023). However, these gains are mitigated by capacity constraints (e.g., infrastructure, workforce skills) and the risk of becoming mere assembly hubs dependent on Chinese inputs (Luo et al., 2023). Studies find that much of Southeast Asia's export growth comprises processing imports from China, indicating partial reliance on Chinese supply bases (Luo et al., 2023).

In Africa, some nations explore manufacturing expansions (Mashariki Research, 2024). For example, textile and agro-processing investments have emerged as companies seek new venues to serve Western markets. Yet, these projects face challenges: higher logistics costs, regulatory hurdles, and competition from established Asian suppliers (Mashariki Research, 2024; UNCTAD, 2023). Moreover, fluctuations in global demand and shifting tariff policies may render such investments vulnerable.

Latin American economies experience mixed effects: some sectors benefit from reoriented supply chains, while others suffer reduced demand from China for commodities due to Chinese economic slowdown or trade tensions (UNCTAD, 2023). FDI patterns show a decline in Chinese infrastructure financing in developing regions, reflecting Beijing's reassessment of outbound investments amid domestic pressures (UNCTAD, 2023).

Emerging markets also engage in strategic hedging: diversifying export destinations and pursuing regional integration (e.g., AfCFTA in Africa) to reduce dependence on major powers (Mashariki Research, 2024; UNCTAD, 2023). However, the overall picture is one of uneven benefits: while some economies capture transient gains, sustainable development requires domestic reforms (infrastructure, human capital) to embed diversified activities beyond short-term relocations (UNCTAD, 2023; AXA Investment Managers US, 2024).

d. Geopolitical and Normative Dimensions

The "decoupling" discourse has gained traction as policymakers debate reducing strategic dependencies on China, especially for critical technologies (Petri & Plummer, 2020; Bown, 2021). Export-control measures on semiconductors and advanced technologies complement tariffs, intensifying fragmentation (Bown, 2021). These security-driven policies reflect a shift toward prioritizing national resilience over efficiency-oriented globalization (AXA Investment Managers US, 2024; UNCTAD, 2023).

Normatively, the ideal of unfettered open trade faces challenge: resilience and economic security imperatives lead to "friend-shoring" and selective alliances (UNCTAD, 2023). For example, firms and governments prefer partners within trusted networks, potentially excluding lower-income countries lacking political alignment (UNCTAD, 2023). This selective integration risks creating blocs with divergent standards and rules, complicating global governance (Evenett & Fritz, 2020).

Long-term implications include potential erosion of the liberal international economic order, as geoeconomic rivalry embeds trade barriers and restricts technology flows. Yet, digital globalization (services, data flows) might retain some openness, although subject to national security controls (Petri & Plummer, 2020). The normative tension between openness and security requires recalibrating institutions to manage fragmentation while preserving cooperation in areas of shared interest (e.g., climate change, health). The trade war exemplifies how economic conflict can reshape normative foundations of globalization (Evenett & Fritz, 2020; UNCTAD, 2023).

Policy Implications & Recommendations

This section offers actionable recommendations for governments, multilateral institutions, and businesses to balance resilience with openness in the aftermath of the U.S.–China trade war.

1. **For Governments**
    - **Strengthen Multilateral and Plurilateral Engagement:** Governments should revitalize multilateral institutions by pursuing pragmatic reforms to dispute settlement and rule updates that address contemporary challenges (e.g., digital trade, supply-chain transparency) (Evenett & Fritz, 2020; UNCTAD, 2023). For example, WTO members

could agree on interim appellate arrangements or expedite negotiations on e-commerce rules to rebuild confidence in the institution (Bown, 2021).

- **Promote Diversified yet Open Supply Chains:** National strategies should encourage firms to diversify suppliers across multiple regions while preserving market openness. Government incentives (e.g., targeted subsidies, infrastructure support) can facilitate relocation to alternative hubs but should avoid overprotectionism that undermines

competitiveness (AXA Investment Managers US, 2024). Case study: Vietnam's coordinated investment in logistics and workforce training attracted electronics firms relocating from China, illustrating how public support can enhance sustainable integration rather than short-lived relocations (Luo et al., 2023).

- **Enhance Risk Assessment and Early Warning:** Establish inter-agency mechanisms to monitor geopolitical developments and supply-chain vulnerabilities. For instance, periodic assessments of critical inputs (e.g., semiconductors, rare-earth minerals) can guide strategic stockpiling or diversification policies (Petri & Plummer, 2020; UNCTAD, 2023).
- **Foster Regional Cooperation:** Encourage regional trade agreements with robust rules and capacity-building

components. For emerging markets, support integration initiatives (e.g., ASEAN, AfCFTA) that improve infrastructure and regulatory harmonization, enabling them to capture supply-chain diversification benefits in a stable manner (UNCTAD, 2023; Mashariki Research, 2024).

2. **For Multilateral Institutions**
   - **Adapt Institutional Frameworks:** WTO and related bodies should address geoeconomic fragmentation by updating rules on non-tariff measures, digital trade, and supply-chain resilience (Evenett & Fritz, 2020; UNCTAD, 2023). This may involve plurilateral clubs for critical sectors (e.g., semiconductors) that balance security concerns with trade openness.
   - **Support Developing Countries:** Provide technical assistance and finance to help emerging economies upgrade infrastructure and regulatory frameworks, enabling them to benefit sustainably from supply-chain shifts (UNCTAD, 2023). For example, multilateral development banks can finance logistics corridors in Southeast Asia or Africa to reduce costs and integrate local firms into diversified networks (Mashariki Research, 2024).
   - **Monitor and Report Geoeconomic Trends:** Regularly publish analyses of trade fragmentation, "friend-shoring," and investment diversion to inform member states and businesses, fostering transparency and cooperative policy responses (UNCTAD, 2023).
3. **For Businesses**
   - **Implement Strategic Risk Management:** Companies should develop scenario planning for geopolitical disruptions, mapping critical nodes in supply chains and identifying alternative suppliers or production sites (Luo et al., 2023; AXA Investment Managers US, 2024). For instance, electronics firms can maintain secondary supplier relationships in Southeast Asia and Mexico, with periodic audits of their capacity and compliance.
   - **Invest in Supply-Chain Visibility and Technology:** Adopt digital tools (e.g., blockchain, AI-driven tracking) to enhance transparency and agility in responding to policy changes or disruptions (UNCTAD, 2023). Case: a consumer electronics firm using AI-based demand forecasting and supplier risk scoring to adjust orders rapidly when tariff changes occur (Petri & Plummer, 2020).

- **Engage Constructively in Policy Dialogues:** Industry associations should participate in policy forums to communicate challenges and propose balanced regulatory approaches, helping shape rules that enhance resilience without excessive fragmentation (Evenett & Fritz, 2020).
- **Balance Efficiency and Resilience Investments:** While cost optimization remains important, businesses should evaluate investments in diversified production capacity as insurance against geopolitical shocks, considering total cost of risk rather than immediate cost savings (AXA Investment Managers US, 2024; Luo et al., 2023).

By adopting these measures, stakeholders can mitigate negative impacts of the U.S.–China trade war on globalization, preserving beneficial aspects of open trade while enhancing resilience against future geoeconomic tensions.

Conclusion

This study has analyzed the U.S.–China trade war's multifaceted impact on globalization through the lens of a combined global value chain and geopolitical risk framework. Empirical evidence indicates that tariff measures since 2018 have accelerated supply-chain diversification and "China+1" strategies, yet often in partial forms retaining dependence on Chinese inputs (Luo et al., 2023; AXA Investment Managers US, 2024). Multilateral trade governance has been strained, with the WTO's normative authority weakened and regional agreements (e.g., RCEP, CPTPP) partially compensating for institutional gaps but also adding complexity (Petri & Plummer, 2021; Evenett & Fritz, 2020). Emerging markets have experienced mixed outcomes: some capture transient export gains, while sustainable development requires domestic reforms to lock in higher value-added activities (UNCTAD, 2023; Mashariki Research, 2024). The geopolitical dimension—embodied in "decoupling" debates and strategic technology controls—has further politicized trade, challenging open-trade ideals and prompting selective "friend-shoring" (Bown, 2021; UNCTAD, 2023).

Looking ahead, plausible scenarios range from partial re-globalization under updated norms—where multilateral institutions adapt to manage geoeconomic tensions—to entrenched fragmentation, with bifurcated blocs limiting trade in critical sectors. The evolution will depend on policy choices: whether governments and institutions can reconcile security imperatives with openness, and whether firms can balance efficiency with resilience (Evenett & Fritz, 2020; UNCTAD, 2023). Technology, digital trade, and sustainability agendas may offer areas for cooperation even amid rivalry, potentially anchoring new forms of globalization.

Call to Action: Policymakers should proactively reform multilateral frameworks to address contemporary challenges, support emerging markets

in sustainable integration, and foster transparent dialogue to manage geoeconomic frictions. Businesses must implement robust risk-management strategies, invest in supply-chain visibility, and engage in policy processes to shape balanced rules. By doing so, stakeholders can preserve the benefits of globalization—innovation diffusion, consumer welfare, and shared
prosperity—while enhancing resilience to strategic trade disruptions. The U.S.–China trade war underscores the urgency of recalibrating globalization for a more uncertain geopolitical era.

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