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Violeta Neza*
Professor
Aleksander Moisiu University of Durrës
2001, 1 Currilave Str., Durrës, Albania
https://orcid.org/0009-0005-7596-8504

Transformation of the global trade architecture after 2022: Sanctions regimes, regionalisation and the formation of new economic blocs

Abstract. The aim of this study was to provide a comprehensive analysis of the fundamental restructuring of the global trading system after 2022 under conditions of intensified sanctions pressure, advancing regionalisation processes, and the emergence of new economic centres of gravity. The methodology was based on a systematic comparison of the regulatory strategies and policy documents of Ukraine, China, India, and the countries of the Global South with the approaches adopted by the Group of Seven and the European Union. The findings indicate that the deconstruction of the neoliberal architecture occurred through the widespread withdrawal of most-favoured-nation status and the manipulative use of security exceptions within the framework of the World Trade Organization, resulting in a slowdown of trade growth between geopolitical blocs by 4-6% compared with the internal dynamics of those groupings. It was established that a complete fragmentation of global markets could lead to a loss of 5% of global income, while the combined share of developing countries in world output exceeded 43% as of 2020. The study found that China consolidated its position as the world's largest exporter, with exports amounting to USD 3.58 trillion, successfully utilising Vietnam and Mexico as connector economies to mitigate tariff barriers. It was also observed that India adopted a model of assertive sovereignty by increasing tariffs on information and communication technology products to 20% and introducing rules of origin verification that compelled foreign suppliers to forgo preferential treatment. The data confirmed that the logistics crisis in the Red Sea caused a 60% reduction in traffic through the Suez Canal, resulting in a fivefold increase in maritime freight costs and delivery delays ranging from 6 to 25 days. Furthermore, the development of alternative payment systems based on distributed ledger technology and the rapid expansion of the digital services sector to USD 4.95 trillion emerged as key drivers of financial autonomy for new economic blocs operating beyond Western banking infrastructure. The practical significance of the results lies in their potential application by public institutions in the development of survival strategies under conditions of technocratic protectionism

Keywords: logistics crisis; export restrictions; blockchain technologies; digital services sector; "connector-country" mechanism

Introduction

The global trade architecture is undergoing its most radical transformation since the end of the Second World War, as evidenced by the dismantling of the neoliberal foundations of globalisation and the shift towards geo-economic fragmentation. The events of 2022 have demonstrated that economic interdependence, previously regarded as a guarantor of peace, has become a source of strategic vulnerabilities, allowing trade to be used as an instrument of coercion and a weapon in geopolitical confrontation. The global system, built around the rules of the World Trade Organization and the dominance of financial institutions, has faced a systemic crisis of legitimacy and functionality. Sanction regimes against integrated economies, the mass withdrawal of most-favoured-nation treatment, and the formation of closed economic blocs based on ideological compatibility or regional proximity are shaping a new reality. The search for a balance between global rules and national interests has become a key challenge for international relations, where legal norms are giving way to strategic autonomy.

The issue of restoring the autonomy of industrial policy in Global South countries amid the 2022 crisis was examined by J.M. Ahumada & H.J. Chang (2025), who studied the constraints imposed by the international investment architecture on the structural transformation of developing economies. The researchers found that, to achieve

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**Corresponding author (nezavioleta445@gmail.com)*

climate-compatible development, the Global South needs to revise trade rules towards a differentiated regime and establish a multilateral framework for technology transfer. The issue of adapting international trade law to the challenges of the digital age was investigated by N.L. Eyo-Udo *et al.* (2025): the results confirmed that legal norms of trade are evolving in response to the demands of technological progress, forcing states to constantly reassess the limits of their sovereignty in order to gain access to global markets. The role of the BRICS+ bloc as a catalyst for the transition of global power and an instrument of "political insubordination" of semi-peripheral countries was studied by G.E. Merino & J. Tianjiao (2025), focusing on the organisation's expansion since 2023. The researchers found that BRICS is forming a new "historical bloc" capable of contributing to the democratisation of the global order.

T. Kosormyhin (2025) examined the impact of the war in Ukraine on global trade trends, particularly in the agricultural and energy sectors. The author concluded that the blockade of Ukrainian ports and the sharp decline in fertiliser exports resulted in a 20% increase in global food prices, compelling countries such as Egypt and India to urgently restructure their trade partnerships in order to prevent food shortages. The political effects of the Russia-Ukraine conflict through the prism of geo-economic power were analysed by J. Akpomedaye & A.E. Orhero (2025), who studied the consequences of sanctions. The researchers found that the war had triggered a reassessment of global economic dependencies, necessitating the implementation of real-time monitoring of trade fluctuations. N. Karpinska (2025) examined international sanctions as a means of legal influence in wartime, assessing their effectiveness in safeguarding the international legal order. The author found that the effectiveness of sanctions is limited by the existence of shadow markets and the maintenance of the Russian Federation's ties with certain countries, which justifies the need to strengthen international control over the circulation of resources. V.Yu. Kharenko & N.Ye. Skrypnyk (2025) studied the digital transformation of international trade as an indicator of competition in the context of globalisation. The authors demonstrated that despite improving the efficiency of trade processes, digitalisation poses cybersecurity threats, which were already estimated at USD 6 trillion in 2021, requiring active cooperation between governments and research institutions to stabilise markets. Ya. Mudra (2025) investigated the processes of fragmentation and restructuring of economic ties around new geopolitical axes. The scholar established that the global economy is not shrinking but is transforming through the reshoring of production and the growing role of national security in shaping states' trade policies. R.O. Polyvach (2025) examined the classification and legal mechanisms for applying economic sanctions as a tool for regulating the behaviour of subjects of international law. The author established that financial restrictions are a means of pressure, as they are capable of provoking a shortage of foreign exchange reserves in target countries. The effectiveness and long-term consequences of sanctions regimes were investigated by M.O. Oryniak (2025), who found that sanctions often lead to a 2.8% decline in the gross domestic product (GDP) of target states in the first years of application and stimulate the development of shadow mechanisms to circumvent restrictions via third countries, confirming the difficulty of achieving political goals through economic pressure alone.

Despite the existing body of research, several gaps remain that require further investigation. In particular, insufficient attention has been devoted to the specific process of deconstructing the neoliberal model through the crisis of the most-favoured-nation treatment in relations among key actors. There is also a lack of comprehensive analysis of institutional mechanisms within the framework of technical regulation. The role of the presumption of liability of affiliated persons in the sanction procedures of international banks as a factor in the systemic restructuring of global supply chains requires further elaboration. The aim of this study was to conduct a theoretical analysis of the transformation of global trade after 2022. To achieve this aim, the following objectives were carried out: to analyse the processes of deconstruction of the neoliberal trade model through the crisis of the most-favoured-nation treatment and the impact of sanctions; to examine the reconfiguration of centres of power using the strategies of China, India and the countries of the Global South as examples; to reveal the mechanisms of the systemic restructuring of global supply chains and the functioning of new instruments of economic coercion.

Materials and Methods

The methodological framework of this theoretical study was constructed through a comprehensive combination of descriptive, analytical, and predictive approaches, enabling a systematic examination of the transformation of global trade under conditions of geopolitical turbulence. The sample of research subjects was selected according to their involvement in the key processes of global market reconfiguration: Ukraine (as a country directly affected by the military conflict of 2022 and the associated sanctions regimes, as well as a key actor in ensuring global food security), China (as the world's leading exporter employing the "connector-country" mechanism), India (as a representative of the model of assertive technical protectionism), and the countries of the Global South (Brazil, South Africa, Turkey, and Indonesia) in their interaction with the Group of Seven (G7) countries and the European Union (EU), which together constitute the principal alliances involved in sanctions-based, financial, and regulatory confrontation. The strategies of these actors were compared according to the following parameters: changes in customs and tariff regulation (including the practice of withdrawing most-favoured-nation treatment), the implementation of technical and environmental coercive instruments, the transformation of financial infrastructure (including sanctions procedures of international banks), indicators of logistical resilience (such as maritime freight rates and canal throughput capacity), and legal regimes governing intellectual property protection (including the operation of parallel import mechanisms). The chronological scope of the study covered the period from 2022 to 2025, corresponding to the phase of intensive dismantling of the neoliberal trade model.

The primary method employed was the formal-legal approach, which was applied to the analysis of foundational instruments of international trade law (Agreement

Establishing the..., 1994), the provisions of the General Agreement on Tariffs and Trade (GATT, 1994), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS, 1994), as well as new regulatory documents such as the EU Regulation on the Carbon Border Adjustment Mechanism (CBAM, n.d.) and the Indian rules on the determination of the origin of goods (CAROTAR 2020, 2025). The method was used to elucidate the normative content of security exceptions, determine the limits of the legitimacy of sanctions regimes, and identify legal gaps in the fulfilment of obligations to the World Trade Organization (WTO). A comparative method was used to contrast the strategies of various economic centres. It was applied to strategic national development programmes, in particular the "Make in India" initiative (n.d.), the concept of digital sovereignty in the Digital Personal Data Protection Act (2023), as well as sanctions reports (USTR, 2024) and reports on compliance with trade agreements (METI, 2024). The aim was to identify differences in approaches to protectionism between the developed economies of the West and the countries of the Global South.

To verify the scale of market fragmentation, the statistical method was employed. The objects of analysis included empirical datasets drawn from global monitoring reports (WTO, 2023a), world trade reviews (WTO, 2024), and annual analytical reports (WTO, 2025). The purpose of using these materials was to quantitatively measure export dynamics, assess the impact of logistics bottlenecks on freight costs, and determine the share of digital services within the overall structure of global trade. Institutional and functional analysis was applied to the study of the activities of international financial organisations and emerging economic blocs. The analysis encompassed updated procedures of the World Bank (World Bank, 2023) as well as theoretical justifications for alternative payment systems (Ayub, 2024). The aim of this method was to investigate the interaction between judicial and executive authorities and digital infrastructures, and to assess the capacity of blockchain technologies to provide financial autonomy for economic blocs. At the final stage, elements of predictive analysis were applied through the systematisation and review of forecasting scenarios presented in the work of N. Mulder (2022) and in strategic studies produced by the World Economic Forum (2022). In particular, the model of "reactive fragmentation" of the global order and scenarios for the diversification of trade routes under conditions of systemic constraints were examined.

Results

Deconstructing the neoliberal model: Sanctions regimes and the most-favoured-nation (MFN) treatment. The transformation of the global trade architecture, which began in 2022, marked the end of the era of globalisation and a shift towards a model in which security interests take precedence over economic efficiency. The key catalyst for this process was Russia's full-scale invasion of Ukraine in 2022, which led to the application of a range of sanctions against the integrated economy. In 2022, Western countries, notably the European Union, the US, the UK and G7 partners, imposed extensive financial and trade restrictions. Key measures included disconnecting Russian banks from the SWIFT international payment system, freezing the foreign exchange reserves of the Central Bank of the Russian Federation, export restrictions on high-tech products, and a ban on the supply of dual-use goods. Furthermore, in December 2022, the G7 countries and the European Union introduced a price cap on Russian oil at USD 60 per barrel, which restricted the ability to use Western transport and insurance services to export oil at a higher price (Bernatskyi, 2025). Unlike the sanctions regimes of the Cold War era, which targeted small economies such as Rhodesia or South Africa, the sanctions architecture of 2022 struck the world's 11th-largest economy, which was an exporter of energy, grain and metals. The scale of this event forced the international community to view sanctions not merely as a local diplomatic tool, but as a factor in global economic imbalance with implications for the stability of world trade (Mulder, 2022).

A central element of the legal erosion of the former trade architecture was the mass withdrawal of Most-Favoured-Nation (MFN) status from Russia by key WTO members, including the US, the EU, Canada and Japan. This move, based on national security exceptions, allowed states to impose higher tariffs and quantitative restrictions, effectively rendering Article I of the GATT (1994) inoperative. The withdrawal of MFN status set a precedent for the "politicisation of trade", whereby market access became contingent on a country's adherence to the universal values of the liberal international economic order (World Economic Forum, 2022). As part of the 2022 predictive modelling, several scenarios for the development of such fragmentation were considered: ranging from the isolation of individual aggressors to "reactive fragmentation", where sanctions are extended to WTO members providing material support to violators of international law. The legal basis for these measures rests on Article XXI of the GATT (1994), which grants states the right to take measures necessary to protect their security interests during war or other emergencies in international relations. However, critics of this approach, particularly representatives of the Global South, have noted that the abuse of security exceptions undermines the legitimacy of the multilateral trading system (World Economic Forum, 2022). This has led to a situation of double standards, where Western nations demand that other WTO members adhere to values they did not agree to upon accession. As a result, the global trading system has begun to fragment into competing blocs with increasingly weak ties between them. Empirical data has confirmed this divide: trade between geopolitical blocs formed on the basis of voting patterns in the United Nations (UN) (conventionally described as the "West" and the "East"), expanded 4-6% more slowly than trade within those blocs from February 2022 onwards (WTO, 2023a). This phenomenon of "friend-shoring" (shifting trade to aligned countries) has become the new norm. The total number of trade disputes recorded in the WTO Council for Trade in Goods increased ninefold between 2015 and 2022, indicating a systemic rise in problems within the global network (WTO, 2023a). According to WTO estimates (2023a), a complete fragmentation of the system into blocs could cost the world up to 5% of income, whilst for developing countries, losses could reach double-digit percentages of GDP. For Ukraine, the transformation of the trade architecture had a direct and significant impact due to the blockade of Black Sea ports, which led to a halt in exports of wheat, maize and sunflower oil (Council of the EU, 2025). The loss of Ukrainian supply, combined with sanctions against Russian exports, triggered a global economic crisis (Mulder, 2022). This has caused a food security problem, particularly in the Global South, which are net importers of agricultural products.

In response to the pressure of sanctions, the Russian Federation adopted a policy of import substitution and disregarded its obligations under the WTO (Agreement Establishing the..., 1994). Between 2012 and 2024, following its accession, Russia not only failed to deepen integration but also began erecting new tariff and non-tariff barriers (USTR, 2024). In 2024, the Russian Federation continued to restrict bilateral trade through bans on agricultural imports and the introduction of tariffs exceeding WTO bound rates for goods from "unfriendly countries". The "recycling fee" regime on cars and preferential taxation of domestic software played a particular role, directly violating the principles of national treatment (Article III of GATT (1994)). Furthermore, Russia has introduced a mandatory system of cryptographically protected product labelling, which creates additional bureaucratic barriers for foreign suppliers, particularly small and medium-sized enterprises (USTR, 2024). The Global South finds itself in a difficult position within this new architecture. A significant proportion of developing countries have adopted a cautious or neutral stance on sanctions against Russia, as the tightening of sanctions regimes could lead to rising prices for energy, food and fertilisers, affecting their macroeconomic indicators and balance of payments. According to estimates by N. Mulder (2022), countries dependent on imports of raw materials and food are the most vulnerable to such crises, as sanctions against a major exporter of energy and agricultural resources lead to higher global prices and increased import costs for developing economies. Furthermore, many countries in the Global South have refused to support unilateral sanctions or have adopted a neutral stance. These countries include India, Brazil, South Africa, Turkey and Indonesia, which maintain economic ties with Russia and oppose sanction mechanisms not adopted at the UN level (Seshadri, 2026). The problem is also evident in the area of food security. According to the FAO (2022), nearly 50 countries worldwide depend on wheat imports from Ukraine and Russia for more than 30% of their supply, and 26 countries receive over half of such imports from these two countries alone. This means that any trade or sanctions restrictions could directly impact food security in countries across Africa, the Middle East and South Asia. In this context, the Global South has begun to develop its own protective mechanisms, such as the multilateral Investment Facilitation for Development (IFD) Agreement (WTO, n.d.), which has been joined by 129 WTO members, including 92 developing countries. This demonstrates the Global South's desire to create new blocs and rules independent of traditional centres of power. To systematise the economic positions of key players during this period of transformation, a comparative analysis has been developed (Table 1).

Table 1. Dynamics of participation and the political and legal positions of key actors in the new trade architecture

Subject of analysis	Export dynamics	Regulatory status (WTO/ preferential arrangements)	Priority trade strategy (according to reports)	Share of global output (GDP, %)
Ukraine	+9% (goods, first half of 2024)	Preferential trade regime (EU/US tariff suspension)	Logistics diversification and integration into the European market	1% (priority: agricultural exports) (2024)
China	+4% (goods, first half of 2024)	Most-favoured-nation (MFN) treatment under restrictions	Expansion of presence in emerging markets (Vietnam, Mexico)	18.2% (goods exports: USD 3.58 trillion) (2024)
India	+4% (goods, first half of 2024); +7% (services, first half of 2024)	Most-favoured-nation (MFN) treatment	Import substitution industrial policy and development of a services hub	4.0% (goods exports, with a growing share in services) (2024)
LDCs (Least Developed Countries)	+1.8% (total exports, 2024)	Special and differential treatment (S&D)	Development-oriented investment facilitation (IFD Agreement)	4.3% (2024) (combined share of the Global South: 43% in 2020)

Note: ICT – Information and communication technologies
Source: compiled by the author based on data from WTO (2023a), WTO (2024), USTR (2024), WTO (2025)

A key factor in the new trade architecture has been the introduction of the concept of "Trade as a Weapon". This is evident not only in sanctions but also in the use of technical regulations as a means of coercion. For example, in 2023, the European Union officially adopted the Regulation on the Carbon Border Adjustment Mechanism (CBAM, n.d.), which provides for the levying of charges on importers of goods (steel, aluminium, cement, fertilisers) in proportion to their carbon footprint (METI, 2024). Although the EU positions the CBAM as a tool to combat climate change, the international community has expressed concerns regarding the mechanism's compliance with Articles III:2 and III:4 of the GATT (1994) (national treatment). For exporters from Global South countries, this is becoming a new "green barrier", complicating access to the European market amid a shortage of capital for environmental modernisation (METI, 2024). As of early 2026, the World Trade Organization had noted the "irrelevance of the former world order". At the opening of the 14th Ministerial Conference in Yaoundé (Cameroon), it was stated that the global trading system was facing the highest level of uncertainty in the last 80 years due to conflicts in the Middle East and tariff wars (Le Poidevin, 2026). Although 72% of world trade still takes place under WTO rules, the paralysis of the Dispute Settlement Body and the low level of transparency in subsidy notifications (only 64 members submitted reports in 2025) are creating a climate of mistrust.

Summarising the analysis of the first stage of transformation, it was found that the period after 2022 is characterised by the dismantling of universal rules in favour of selective cooperation. The formation of new economic blocs is not based on geographical proximity, but on ideological compatibility ("depth between allies") or forced alliances to counter sanctions pressure. Traditional instruments, such as the MFN, are losing their absolute power, giving way to systems of prudential supervision, environmental regulation and digital control. For Ukraine and the countries of the Global South, this period requires the development of new strategies for survival in a world where trade has finally become one of the focal points of geopolitical confrontation.

Reconfiguration of global power centres: China, India and the Global South. The transformation of global trade after 2022 has been characterised not only by the destruction of previous economic ties but also by the accelerated emergence of new trade hubs in which China and India have assumed the roles of key architects of an alternative economic reality. The shift of economic weight towards Asia and the Global South has become a defining factor: whereas developing countries accounted for 24% of global output in the 1980s, by 2020 their share had exceeded 43% (WTO, 2023a). This process has been accompanied by the emergence of the concept of "connecting economies", which act as mediators in trade between competing blocs, ensuring the viability of global value chains (GVCs) under conditions of sanctions pressure. In 2024, the People's Republic of China consolidated its position as the world's largest exporter, with exports reaching USD 3.58 trillion, while the country's trade surplus increased by 20%, reaching USD 990 billion (WTO, 2025). China's strategic adaptation to sanctions regimes targeting its partners and to trade restrictions imposed by the United States, including tariff peaks on semiconductors and automobiles, was reflected in the geographical reorientation of trade flows (US announces higher…, 2024). Data from 2024 indicate that China's trade with Vietnam and Mexico expanded significantly faster than its direct bilateral trade with the United States (WTO, 2024). This confirms the role of Vietnam as a critical intermediary hub, where participation in GVCs increased by 13.3% annually during the period 2010-2020, enabling Chinese components to enter Western markets under new labels and production chains (WTO, 2023a).

At the same time, India has demonstrated a model of "assertive sovereignty", combining high rates of economic growth (6.1% annually) with the protection of its domestic market within the framework of the Make in India initiative (n.d.) (WTO, 2023a). During 2024-2025, Indian legislation became the subject of numerous WTO complaints due to the systematic increase of tariffs affecting the digital segment of trade. Despite its obligations under the Information Technology Agreement (ITA) (Information Technology Agreement…, n.d.), India increased tariff rates on smartphones, base stations, and printed circuit boards from 0% to 20%, arguing that new technologies do not fall within the scope of ITA classifications (METI, 2024). A formal legal analysis confirmed that such actions violate Article II of the GATT (1994), leading to the establishment of special dispute settlement panels following complaints from Japan, the EU and Taiwan (METI, 2024). A separate factor in Indian trade policy was the introduction of the new CAROTAR 2020 Rules of Origin (2025). These rules oblige importers to provide confidential information on the exporter's costs and production processes, which effectively creates a non-tariff barrier. The introduction of CAROTAR 2020 (2025) has led to many Japanese and Korean firms being forced to forgo preferential tariffs under Economic Partnership Agreements (EPAs, n.d.) and switch to paying MFN tariffs due to the excessive bureaucratic complexity of verification (METI, 2024). India's approach reflects a broader trend in the Global South towards the "democratisation" of technical standards, which are used as instruments of economic coercion.

A fundamental aspect of the new architecture has been the attempt to de-dollarise trade settlements, initiated by the BRICS bloc (Brazil, Russia, India, China, and South Africa). In 2024, Russia and Brazil proposed the creation of an independent payment platform based on blockchain technology that would enable clearing transactions in national currencies while bypassing the SWIFT system (Ayub, 2024). The theoretical foundation of this process is based on the concept of a "parallel currency" for international transactions, known as the New Reserve Currency (NMR), which is not intended to replace national currencies but rather to provide the bloc with financial autonomy. The use of Distributed Ledger Technology (DLT) makes such a system resistant to external sanctions, as decentralisation removes the single point of control characteristic of Western banking networks. Empirical evidence of the Global South's resilience to financial pressure can be observed in the development of digital services. Global exports of digitally delivered services increased from USD 3.82 trillion in 2022 (WTO, 2023a) to approximately USD 4.95 trillion in 2024, according to UNCTAD (2025). This has enabled countries such as Bangladesh to account for 14% of the global market for freelance services in creative sectors, generating new capital flows that are less susceptible to traditional sanctions-monitoring mechanisms (WTO, 2023a). Digitalisation is becoming an important instrument for overcoming high trade costs, which remain 30% higher in countries of the Global South than in developed economies (WTO, 2023a).

This enables countries such as Bangladesh to control 14% of the global market for freelance services in the creative sectors, creating new capital flows that are more difficult to monitor through traditional sanctions (WTO, 2023a). Digitalisation is becoming a tool for overcoming high trade costs, which are 30% higher in Global South countries than in developed economies (WTO, 2023a). Regionalisation processes have also taken on new legal forms through the modernisation of Regional Trade Agreements (RTAs, n.d.). Between 2023 and 2025, the WTO Committee on Regional Trade Agreements reviewed five landmark agreements, including the agreement between the Association of Southeast Asian Nations (ASEAN) and Hong Kong (Agreement on Investment…, 2018), as well as the expanded agreement between EFTA (Norway, Iceland, Switzerland) and Turkey (EFTA, 2021; WTO, 2023b). A key development was Peru's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, 2018), which accounts for 15% of global trade and focuses on digital facilitation and the integration of small businesses into the G20 (WTO, 2023b). These agreements have demonstrated a shift from simply reducing tariffs to developing common rules in the areas of digital commerce and environmental accountability. However, the formation of new blocs is accompanied by internal disputes over safety standards. For example, India has introduced mandatory testing of telecommunications equipment (MTCTE) (n.d.), creating a situation of "double regulation", as these same parameters are already tested under the 2012 IT device security standards (METI, 2024). Such technical protectionism, also enshrined in the requirements for the mandatory storage of personal data on servers within the country (The Digital Personal Data Protection Act, 2023), restricts the free flow of information, but is viewed by India as a necessary element of "digital sovereignty". The crisis of the multilateral system has also been reflected in the activities of international financial institutions.

In summary, the second phase of the transformation of the trade architecture demonstrated that the Global East and the Global South are not merely reacting to Western sanctions but are actively constructing autonomous infrastructure. China has successfully utilised the role of a "connector-country" to mitigate tariff barriers, India has introduced a new logic of protectionism through technical regulations and ICT tariffs, and the BRICS bloc is laying the foundations for settlement mechanisms beyond the dollar zone. The findings of the analysis confirmed that by 2026 global trade had definitively lost its monocentric character. The future development of the system will depend on whether these emerging blocs are capable of establishing their own dispute-settlement mechanisms that could replace the institutional apparatus of the WTO.

The systemic restructuring of global supply chains and institutional mechanisms of economic coercion. The transformation of the global trade architecture since 2022 has gone beyond a mere redistribution of trade flows, giving rise to a new dimension in international economic relations, where legal control mechanisms and technological standards have become instruments of geopolitical pressure. The third stage of this evolution is characterised by the emergence of "technocratic protectionism" and a revision of the institutional rules that previously ensured the unhindered movement of capital and goods. According to an analysis by the World Trade Organization, the global system is experiencing its most significant upheavals since the Second World War, reflected in a downward revision of global trade growth forecasts for 2026 due to intensifying tariff wars and political uncertainty (WTO, 2025). A central element of the new architecture has been the development of legal accountability mechanisms and sanctions procedures, which are now directly integrated into the operational activities of international financial institutions. In November 2023, the World Bank approved an updated procedure, "Sanctions Proceedings and Settlements", which details the concept of "sanctionable practice", including corrupt, fraudulent and obstructive actions in projects financed by the Bank (World Bank, 2023). The introduction of the "Notice of Successorship" mechanism allows sanctions to be extended to new legal entities that continue the business operations of sanctioned entities, effectively eliminating loopholes for circumventing restrictions through corporate restructuring. This presumption of liability for affiliated entities creates a "legal diffusion" effect, where the private sector is forced to act as a supervisory body to avoid financial exclusion. Alongside financial pressure, there is a transformation of technical regulation into an instrument of trade coercion. The EU and the UK are actively implementing strict environmental and chemical standards, which are becoming sanctions for countries in the Global South. The REACH Regulation (2006) (Registration, Evaluation, Authorisation and Restriction of Chemicals) and the CLP Regulation (n.d.) (Classification, Labelling and Packaging) in the 2023-2024 version have established new requirements for the identification of substances of very high concern. Japanese researchers have noted that extending the scope of these regulations to composite products places an excessive burden on importers, who are forced to collect data on the concentration of chemical components in every part of complex equipment (METI, 2024). Similarly, the introduction of a mandatory "Electronic Substance Passport" (ESPR) in 2026 creates barriers for manufacturers with weak digital infrastructure, turning environmental transparency into a factor of market segregation (More environmentally sustainable..., 2022; METI, 2024).

The energy sector has become a key battleground in the war of trade barriers. Since 2022, Europe and Japan have faced a gap in energy prices compared to the US: despite stabilisation, natural gas prices in Europe remained twice as high as in 2019 by the end of 2024 (WTO, 2024). This led to the emergence of "carbon leakage", which the EU sought to counter by introducing the Carbon Border Adjustment Mechanism (CBAM, n.d.). A formal analysis of Article 7 of the CBAM Regulation indicates that authorities have the right to set "default values" for exporting countries that cannot provide verified data on their emissions, which puts the economies of the Global South with low levels of monitoring at a disadvantage (METI, 2024). Thus, climate policy is becoming a legitimate form of protectionism, replacing traditional tariff barriers. Food security has also suffered institutional distortion through the use of trade bans as a means of domestic stabilisation. India, as one of the hubs of the Global South, introduced systematic export restrictions on rice and wheat in 2023-2025, based on the National Food Security Act (2023). Similarly, in 2024, the Russian Federation extended its ban on agricultural imports, accompanied by manipulative export duties on sunflower oil and soybeans (USTR, 2024). This confirmed N. Mulder's (2022) argument that sanctions create greater global crises than ever before in history due to the high integration of commodity markets. A key aspect of regionalisation has been the restructuring of maritime logistics routes under the influence of security crises. A table of instruments has been developed to assess institutional shifts in the regulation of security and trade (Table 2).

Table 2. Instruments of trade and security coercion in the new architecture

Type of instrument	Legal basis	Target of impact	Economic consequence
Withdrawal of the MFN	Article XXI of GATT	Aggressor states and their satellites	Tariff increases to 25-50%
The CBAM mechanism	EU Regulation 2023/956	Carbon-intensive imports	The loss of the price advantage for high-carbon exports is equivalent to the cost of EU CO_2 emission allowances

Table 2. Continued

Type of instrument	Legal basis	Target of impact	Economic consequence
Digital product passport (ESPR)	ErP Directive (revised)	Household appliances and ICT products	Mandatory repairability
BRICS blockchain technologies	NMR 2024 Concept	US Dollar transactions	Decentralised clearing outside SWIFT

Source: compiled by the author based on GATT (1994), N. Ayub (2024), METI (2024), WTO (2025)

As of October 2024, the number of daily transits through the Suez Canal had fallen by more than 60% due to attacks in the Red Sea, forcing shipping companies to reroute vessels around the Cape of Good Hope. According to WTO (2024), this resulted in a fivefold increase in maritime freight rates (from USD 1,095 to USD 5,040 per forty-foot container) and extended delivery times by between 6 and 25 days. The "bottleneck effect" became a strategic factor: the share of goods exported by four or fewer countries rose to 19% of the total value of global exports between 2000 and 2021, with China accounting for more than 36% of such product categories (WTO, 2023a). In response to these challenges, following its withdrawal from the European Union, the United Kingdom began developing its own network of trade agreements, focusing on "continuity and predictability". The WTO Committee on Regional Trade Agreements reviewed the United Kingdom's Partnership Agreements with North Macedonia and Serbia (Gjorgjioska, 2025), which largely replicate EU standards (The Pan-Euro-Mediterranean..., n.d.) but allow London to respond more flexibly to supply-chain risks (WTO, 2023b). At the same time, the UK system introduced its own rules, which Japan considers inconsistent with Article 7.2 of the WTO Agreement on Safeguards (Agreement Establishing the..., 1994) due to the absence of a proper investigation into injury to domestic industry (METI, 2024). The transformation of the trade architecture has also been reflected in changing strategies among multinational corporations. Since 2022, there has been a noticeable "capital exodus" from Russia and a reassessment of global assets in light of reputational risks. According to economic studies, the total volume of net capital outflows from the Russian Federation since the outbreak of the war has exceeded USD 250 billion, making it one of the largest figures in the country's modern economic history (Russia loses record..., 2026). According to the USTR (2024) report, more than one hundred American companies reduced their presence in the Russian market due to Russia's systematic disregard for intellectual property rights and the introduction of "recycling fees", which de facto subsidise only domestic producers. Russia's regime of "parallel imports" and compulsory licensing (Decrees No. 299 and No. 322) has effectively undermined the legal framework of TRIPS (2005), permitting the use of inventions without compensation to rights holders from "unfriendly countries" (USTR, 2024).

In summary, the analysis of the third subsection indicates that by 2026 the global trade architecture had evolved into a fragmented network of interest-based organisations. The universal rules of the WTO (Agreement Establishing the..., 1994) are de facto being replaced by bilateral prudential arrangements and technical regulations that serve as instruments of selective market access. Sanctions regimes have become a permanent factor in macroeconomic planning, compelling countries of the Global South to invest in alternative payment systems and green technologies as a means of preserving sovereignty. The findings of the study confirm that the future stability of the global economy will depend on the ability of "connector-country" to maintain operational compatibility between the competing blocs of the West and the East.

Discussion

The findings of this study demonstrate that the transformation of the global trade architecture after 2022 has been irreversible, leading to the definitive collapse of the neoliberal model in favour of geoeconomic fragmentation. The conclusion reached in this study, namely that sanctions regimes imposed on large integrated economies became a primary source of destabilisation, is supported by the work of D.W. Drezner (2024). The author demonstrated that although economic coercion had become more effective than previously thought, the systemic externalities of such actions on the global political economy proved to be significantly more extensive than traditional theories of international relations had predicted. This study noted that these externalities manifested themselves in the breakdown of the facilitation regime, which was consistent with the findings of P. Egger *et al*. (2024). The researchers emphasised that sanctions require an interdisciplinary analysis, as they have transformed the very nature of international trade, turning it into a security policy instrument. The trend identified in this study towards a strengthening of the role of "connector-country", such as Vietnam and Mexico, in supply chains between China and the US, was examined in comparison with the findings of T. Schulze & W. Xin (2025). The authors drew a distinction between a genuine reallocation of production and a mere redirection of trade flows, finding that Vietnam benefited most from an increase in domestic content in exports to the US, rather than merely from the transit of Chinese goods. This conclusion reinforced the findings of this study regarding China's structural adaptation to tariff spikes. Furthermore, F.P. Conteduca *et al.* (2025) confirmed that, rather than a global retreat from globalisation, there was a selective decoupling along geopolitical lines, with US supply chains from China not disappearing but extending via third countries, which fully coincided with the "friend-shoring" effects identified in this study. The issue of the effectiveness of sanctions against the Russian Federation, analysed in this study through the lens of import substitution, was discussed in the context of the work by F. Giumelli (2024). The researcher found that the traditional assessment of sanctions based on changes in the target state's behaviour was flawed, and proposed a six-phase analytical method that took into account utility and success within the broader context of crisis response. The findings of this study regarding the adaptability of the Russian economy coincided with the conclusions of C. Portela & J.S. Mora-Sanguinetti (2023), who established that one-party regimes and monarchies demonstrated greater resilience to external pressure, as they were able to rapidly diversify trade routes. This study supplemented this thesis with findings on sanctions evasion, which correlated with the data of M. Chupilkin *et al.* (2025). The researchers documented that around half of the "anomalous" exports from the EU and the UK to the Caucasus and Central Asia did not reach their declared destinations, instead ending up in the sanctioned economy, which mitigated part of the effect of the restrictions.

The transformation of the energy landscape, which in this study was examined through the CBAM mechanism, was compared with the work of Q. Zhang *et al*. (2025). The authors demonstrated that economic sanctions had an asymmetric impact on the interests of target countries, causing greater harm to traditional energy sources compared to renewable ones, whilst developed nations were even able to strengthen their energy capacity under such conditions. These findings were supported by the results of this study regarding "green protectionism" as a tool for market segregation. Furthermore, the logic of sanctions-based confrontation in the energy sector identified in this study finds theoretical support in the analysis by C. Rühl (2022), who characterised the period after 2022 as an episode of "economic war". The author demonstrated that the effectiveness of such an architecture depends on the alliance's ability to minimise its own economic losses through a transition from decentralised unilateral restrictions to a model of enforced sanctions. These findings support the conclusions of this study that the success of the reconfiguration of global supply chains depends on the ability of the initiators of sanctions to employ flexible strategies.

The findings of this study concerning India's "aggressive sovereignty" and its tariff policy revealed clear parallels with the analysis conducted by C.-W. Lee & A.Z. Khan (2025). The authors found that protectionist measures, similar to those implemented under the tariff policies of the Trump administration in the United States, generated a cascading effect across global trade networks, compelling businesses and policymakers to adapt to conditions shaped by unilateral economic pressure. This finding aligns with the conclusions of the present study regarding the transformation of technical regulations into instruments of economic coercion. The importance of political factors in ensuring the success of sanctions was analysed by O. Zarpli & D. Peksen (2025), who established that the proximity of elections in the target country increased the likelihood of compliance with the sanctioning parties' demands. Although this study examined institutional frameworks, the argument put forward by O. Zarpli *et al*. (2025) helped to explain why certain regimes in the Global South remained steadfast in their neutrality. The digital transformation of trade, defined in this study as a new "frontier" for the Global South, was discussed in comparison with the work of S. Mirzaye & M. Mohiuddin (2025). The researchers found that the use of cloud services and AI analytics enabled small and medium-sized enterprises (SMEs) to double their export intensity; however, these benefits remained uneven due to the fragmentation of data regulation. This study confirmed these findings using the examples of Bangladesh and Vietnam, whilst highlighting the ethical challenges examined by W. Muhammad *et al*. (2025). The researchers highlighted that economic sanctions had unintended humanitarian consequences for minorities, calling into question the moral justification for using trade as a weapon.

A meta-analysis of the determinants of sanctions' success, conducted by B.A. Demena & P.A. van Bergeijk (2025), provided this study with a theoretical basis for assessing the importance of trade links prior to the imposition of restrictions. The authors found that sanctions were more likely to succeed where strong prior relations existed, which explained the scale of the crisis resulting from the severing of ties between Russia and the EU, as described in this study. At the same time, the regionalisation processes observed in this study through the modernisation of RTAs correlated with the findings of G. Krause *et al*. (2025). Through the example of mariculture, the researchers demonstrated that a shift towards localised supply models enhanced resilience to global disruptions but simultaneously created risks of reduced production efficiency. This observation reinforced the findings of the present study concerning the costly nature of regionalisation. Finally, the innovative approaches in trade geography proposed by M. Feng & Y. Ma (2025) provided this study with a conceptual framework for interpreting strategic vulnerabilities. The researchers emphasised the importance of studying the role of cities in value chains and the impact of climate risks on trade resilience. This study applied these approaches in analysing the blockade of sea lanes in the Red Sea. Furthermore, the statistical review by G. Felbermayr *et al*. (2025) confirmed that the rapid increase in the number of sanction incidents necessitated a radical update of macroeconomic data, which was achieved in this study through the use of the WTO report for 2025. To summarise the above, the results of this study demonstrated that global trade has definitively transformed into a multipolar system of conflicting blocs. A comparison of the findings with the works of foreign authors confirmed the trend towards a shift from "interest-based journalism" to "geoeconomic realism", where every trade transaction is scrutinised through the prism of national security. The significance of the findings lies in identifying the mechanisms through which the countries of the Global South and "connector economies" sustain the viability of global markets under the pressure of sanctions.

Conclusions

The conducted study makes it possible to conclude that the global economy has transitioned from an era of liberal interdependence to a phase of geoeconomic realism, in which security imperatives have definitively subordinated the logic of market efficiency. It was established that the deconstruction of the neoliberal model occurred through a systemic crisis of the most-favoured-nation (MFN) principle and the transformation of sanctions regimes into a permanent instrument of macroeconomic regulation. Quantitative indicators confirmed the scale of this rupture: trade intensity between geopolitical blocs (the "West" versus the "East") grew 4-6% more slowly than trade within those groupings. It was found that the withdrawal of MFN treatment and the manipulative use of GATT security exceptions led to market fragmentation which, under the most pessimistic scenarios, could cost the global economy up to 5% of global income. A qualitative outcome of this process was the adoption of the friend-shoring model, which replaced global supply chains with selective partnerships based on ideological compatibility. It was demonstrated that the reconfiguration of centres of power has been accompanied by the growing significance of Asia and the Global South, whose share of global output has exceeded 43%. It was established that China successfully adapted to tariff pressure through the "connector-country" mechanism, extending value chains through Vietnam and Mexico, while India consolidated a model of assertive sovereignty by introducing 20% tariffs on ICT products and stringent CAROTAR rules. The practical significance of these developments lies in the emergence of alternative trade infrastructure, including blockchain-based payment systems and BRICS digital tokens, which enable transactions to be conducted beyond the reach of Western sanctions and the SWIFT system. It was empirically confirmed that the systemic restructuring of global value chains has been accompanied by the emergence of technocratic protectionism. A key indicator of this process has been the Carbon Border Adjustment Mechanism (CBAM) and the revised environmental regulations of the European Union, which de facto function as non-tariff barriers for exporters with low levels of digital transparency. It was established that the logistics crisis in the Red Sea and the 60% reduction in traffic through the Suez Canal stimulated a fivefold increase in freight costs, compelling states to invest in the localisation of production and the strengthening of regional blocs such as the CPTPP. The digital services sector, which reached a value of USD 4.95 trillion, was identified as a new sphere of accelerated development that is less vulnerable to physical blockades and traditional customs controls. Based on the findings, it is recommended that the countries of the Global South and Ukraine shift their focus from passive compliance with universal rules towards the development of flexible partnerships with connector countries and deeper integration into digital services value chains. It is necessary to implement real-time monitoring systems for trade fluctuations and to adapt national industrial strategies to the conditions of green protectionism through carbon footprint verification. The limitations of the study stem from the highly dynamic nature of geopolitical developments and the scarcity of verified data concerning shadow flows within sanctioned jurisdictions. Future research should focus on examining the resilience of alternative currency systems and developing models for the multilateral regulation of artificial intelligence in international trade.

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Conflict of Interest

None.

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