

 UBS Center
for Economics in Society

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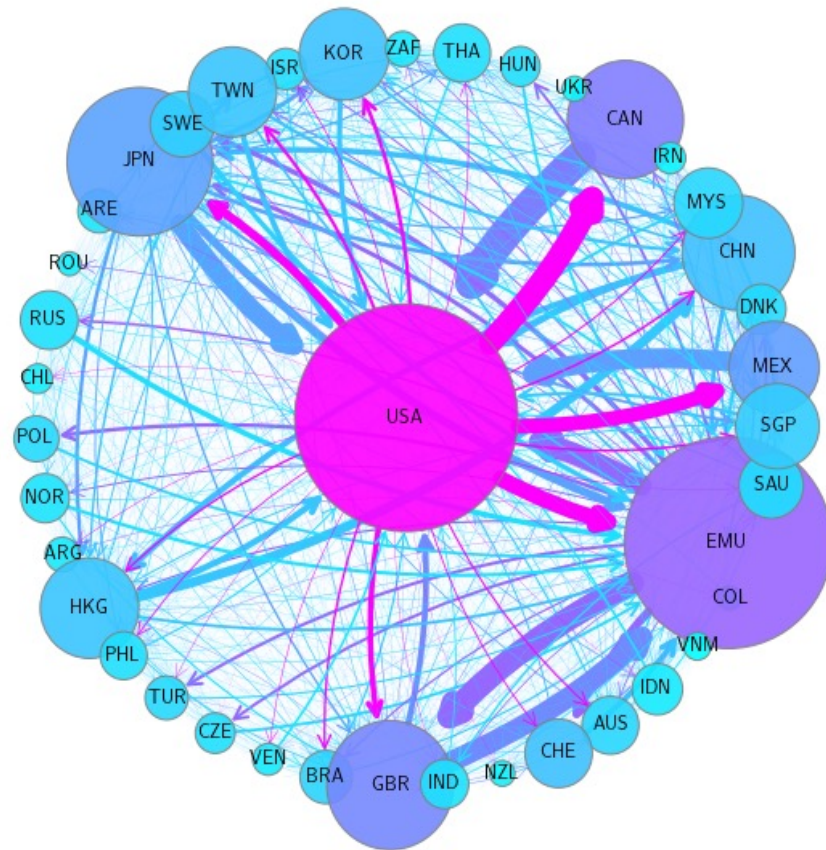
10 November 2025
Kongresshaus Zürich

GLOBAL TRADE WARS AND THEIR FALLOUT

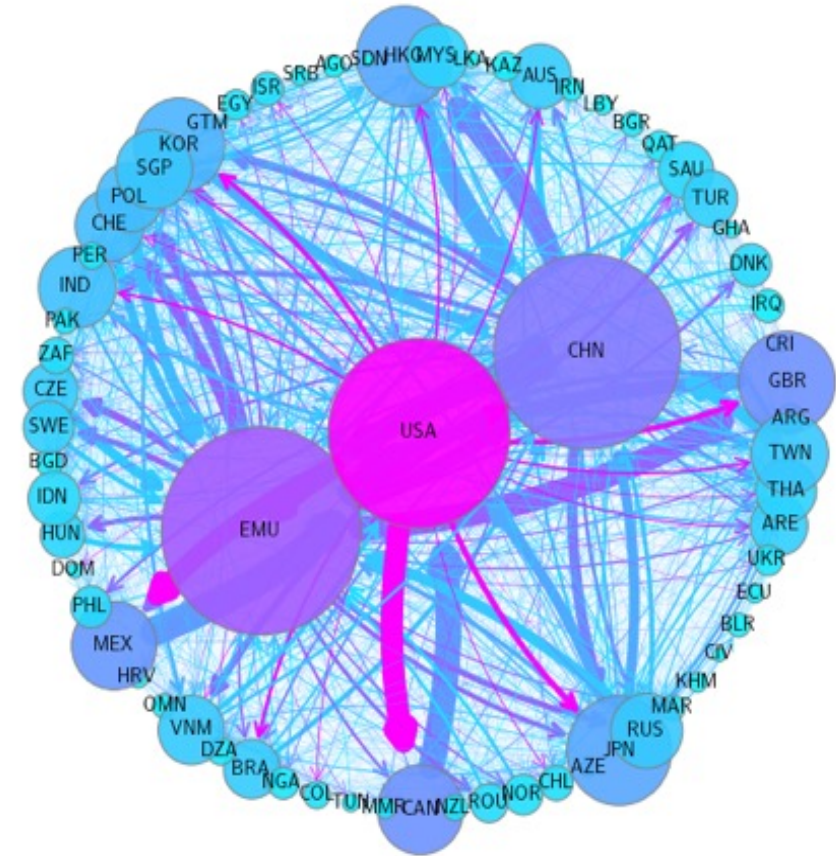
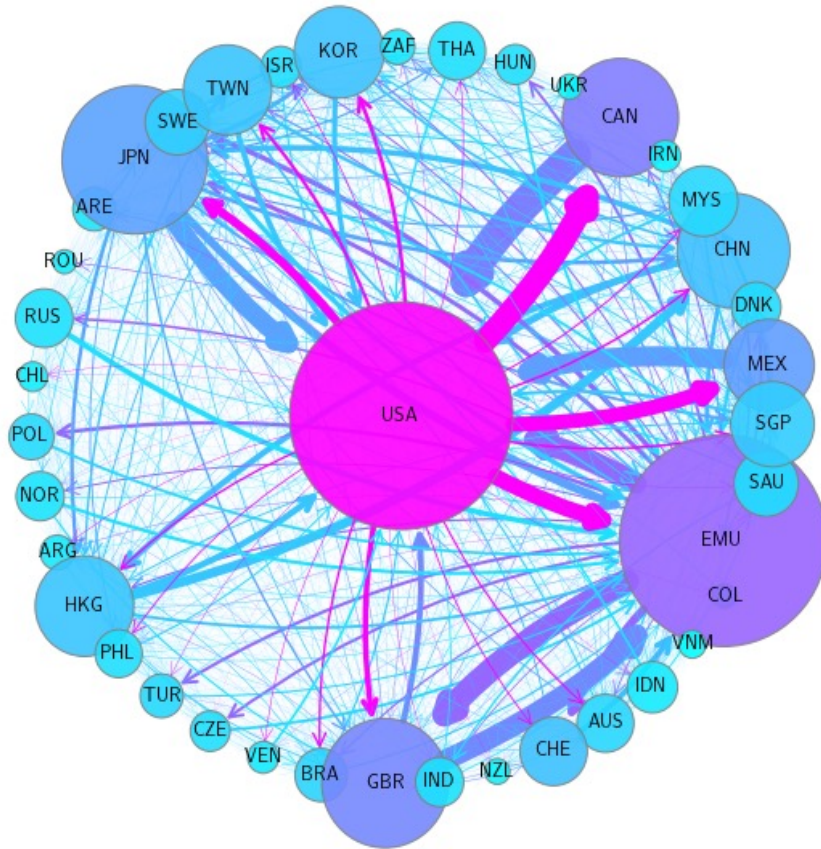
HÉLÈNE REY

LONDON BUSINESS SCHOOL, CEPR AND NBER

International Trade Network: Exports 2000 versus 2019



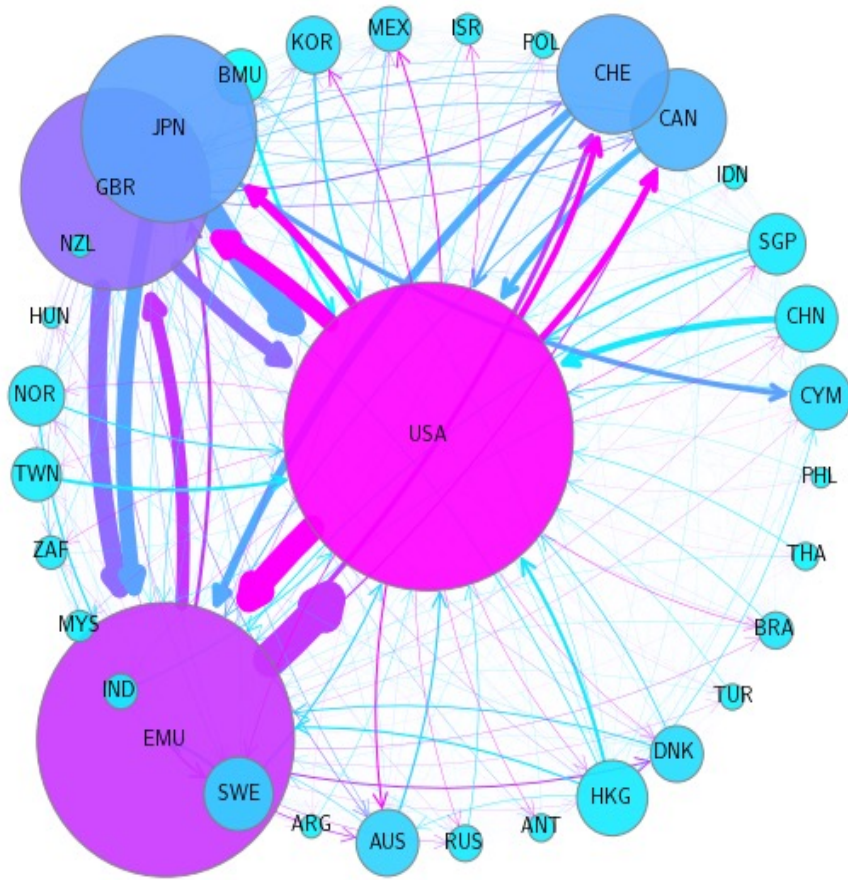
International Trade Network: Exports 2000 versus 2019



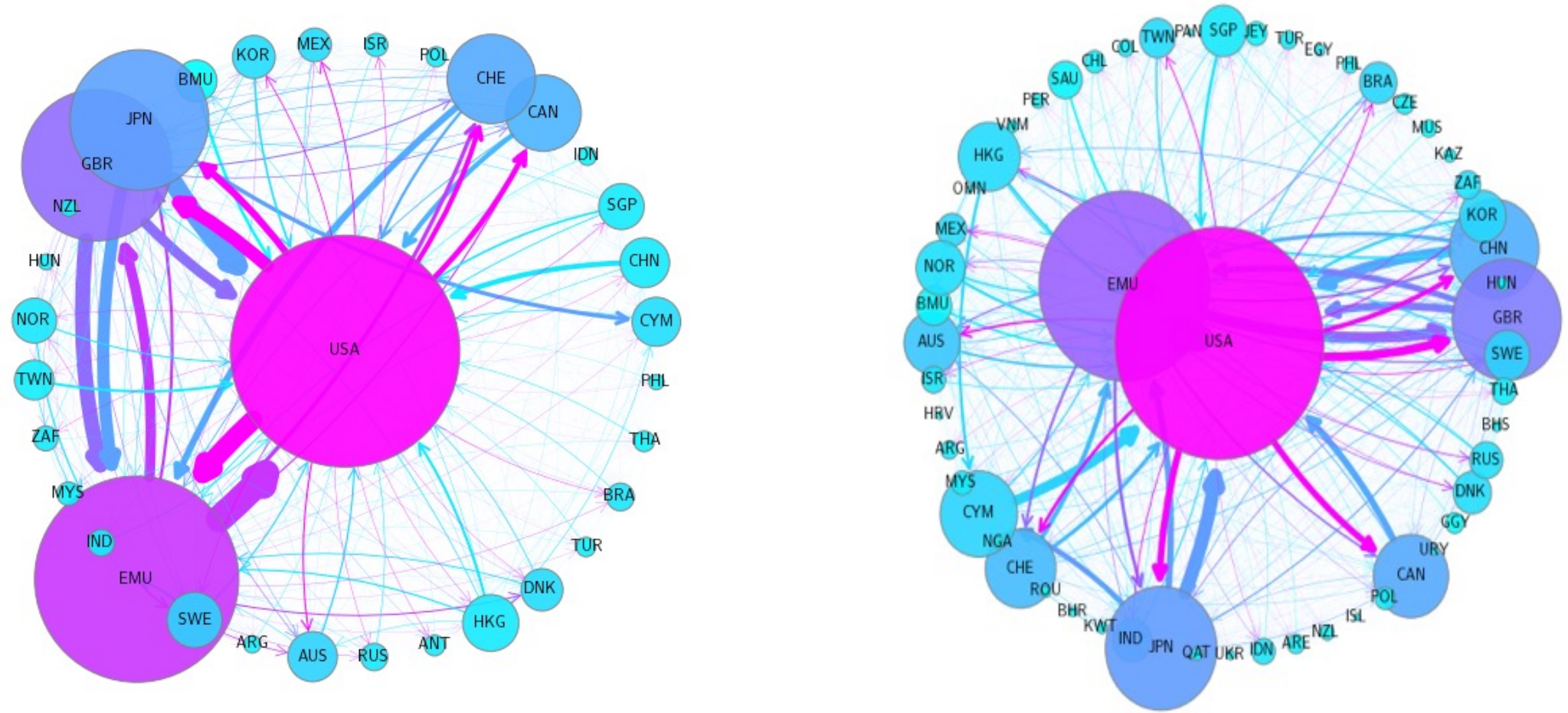
Merchandise Trade. IMF DOTS

➤ Tripolar

International Finance Network: Portfolio Assets: 2000 versus 2019



International Finance Network: Portfolio Assets: 2000 versus 2019

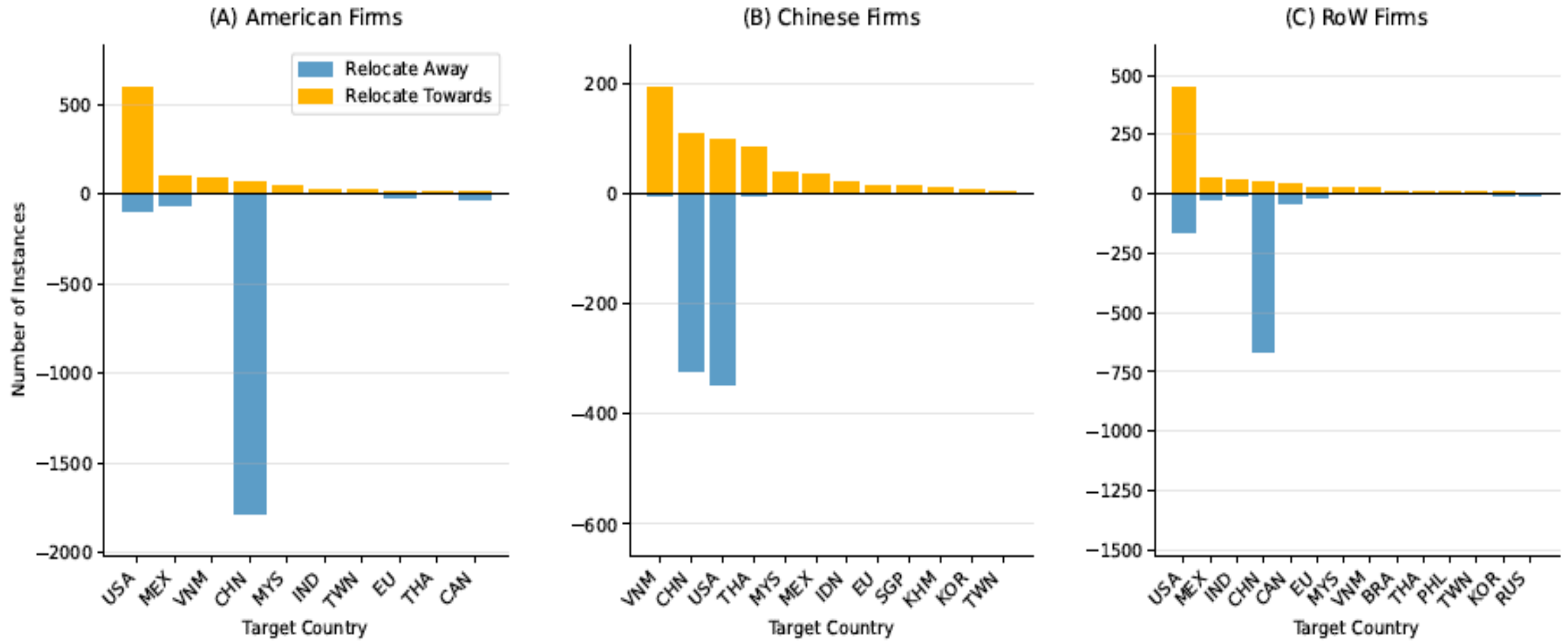


➤ Unipolar

Source: « Global Footprints of Monetary Policies » Miranda-Agrippino, Nenova and Rey (2022)

Firms reactions to tariffs (from earning calls data)

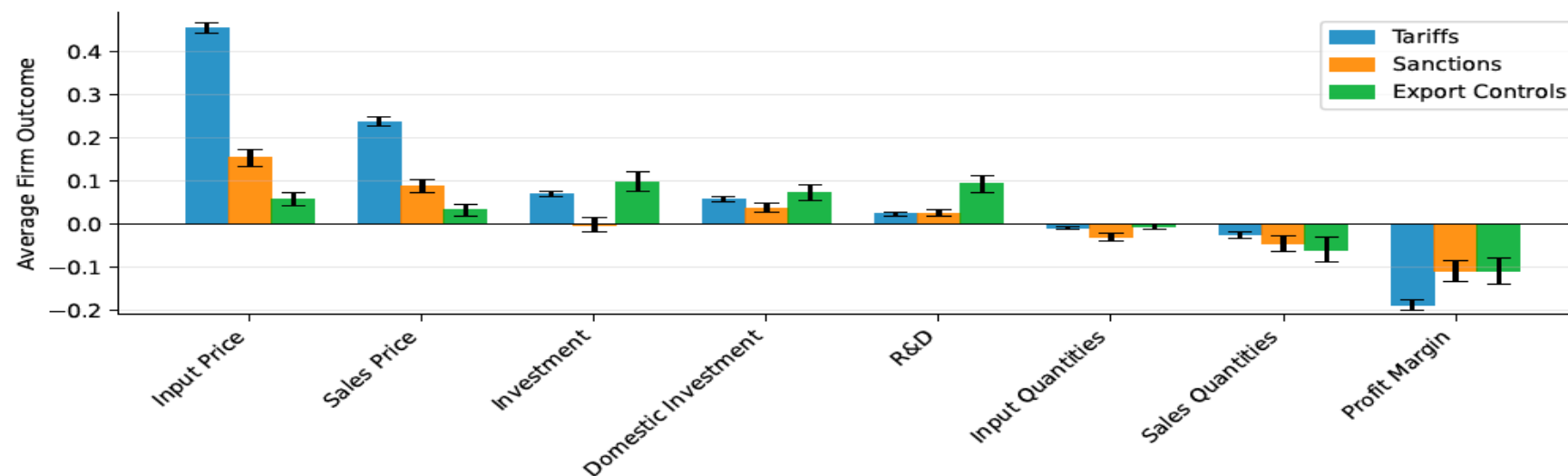
Supply Chain Readjustment in Response to US Tariffs



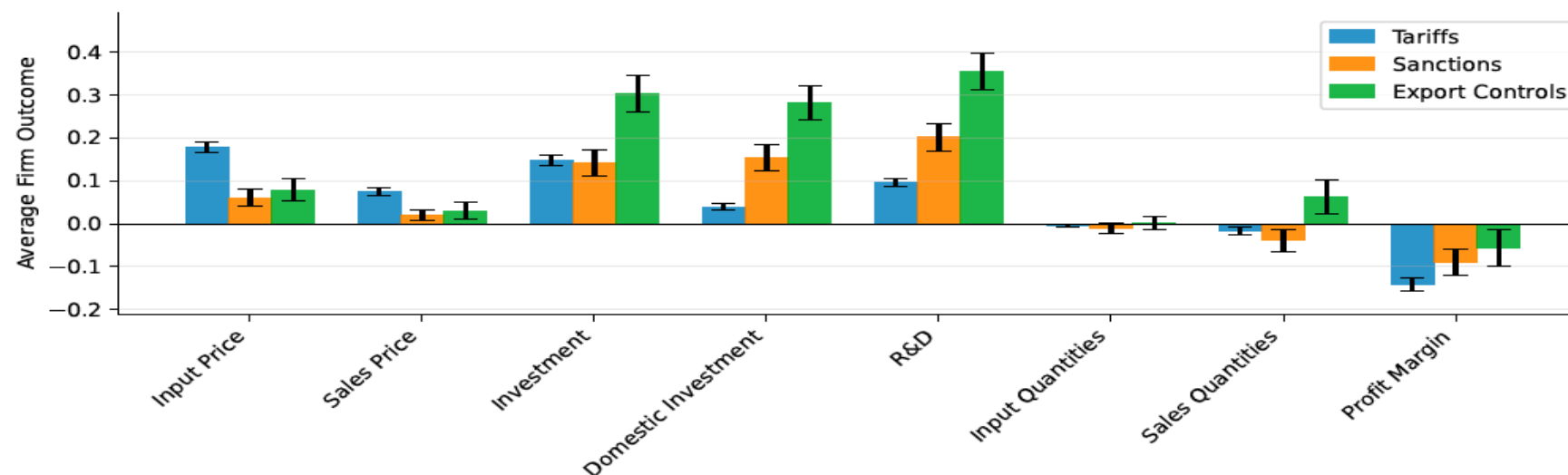
Source: « Geoeconomic Pressure » Clayton, Coppola, Maggiori and Schreger (2025)

Firms reactions to tariffs, sanctions and export controls (from earning calls data)

(a) Firms in Sender Country

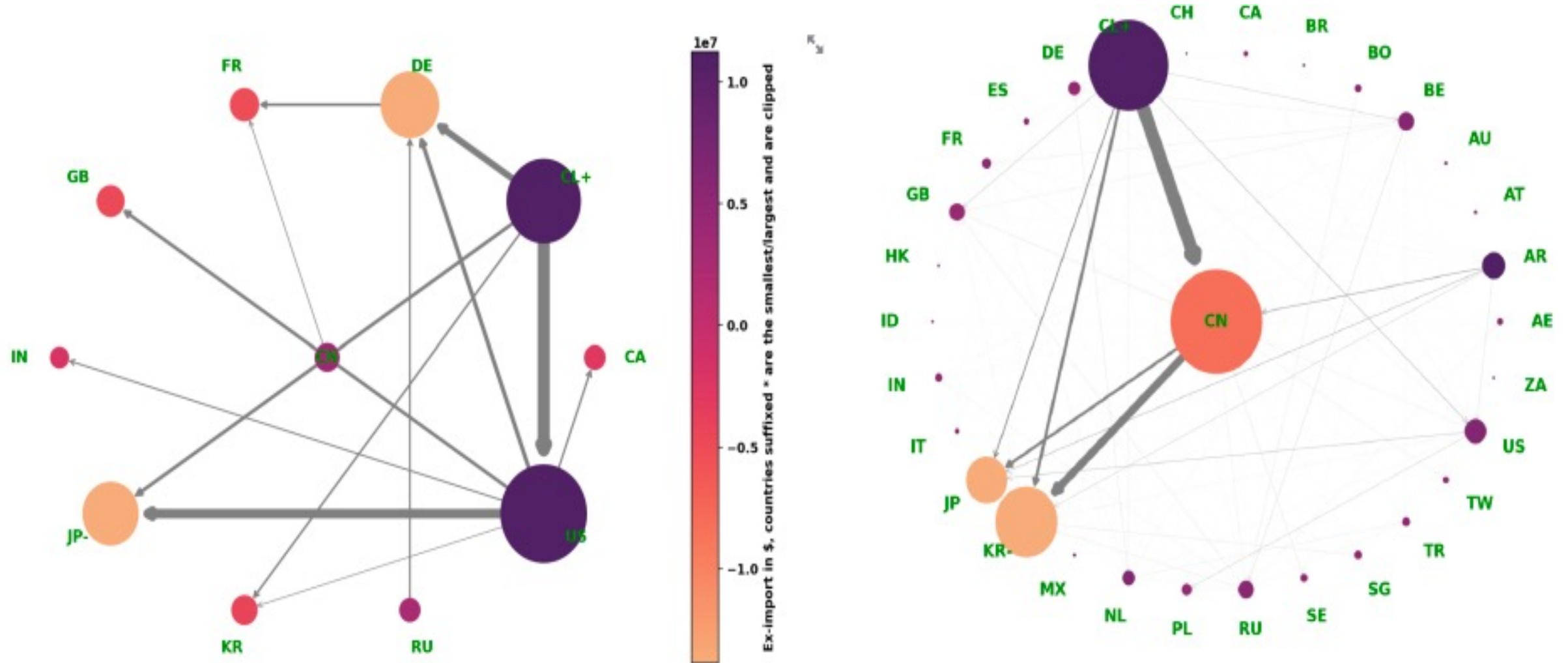


(b) Firms in Receiver Country



Source: « Geoeconomic Pressure » Clayton, Coppola, Maggiori and Schreger (2025)

Lithium Trade Network between 1995 and 2022. Line width prop. to bilateral \$ trade. Node to total \$ trade



China has become more central in all critical mineral markets for electrification (14 minerals).

Source: « Geoconomics of Strategic Minerals in the Green Transition » Kirk, Passari and Rey (2025)

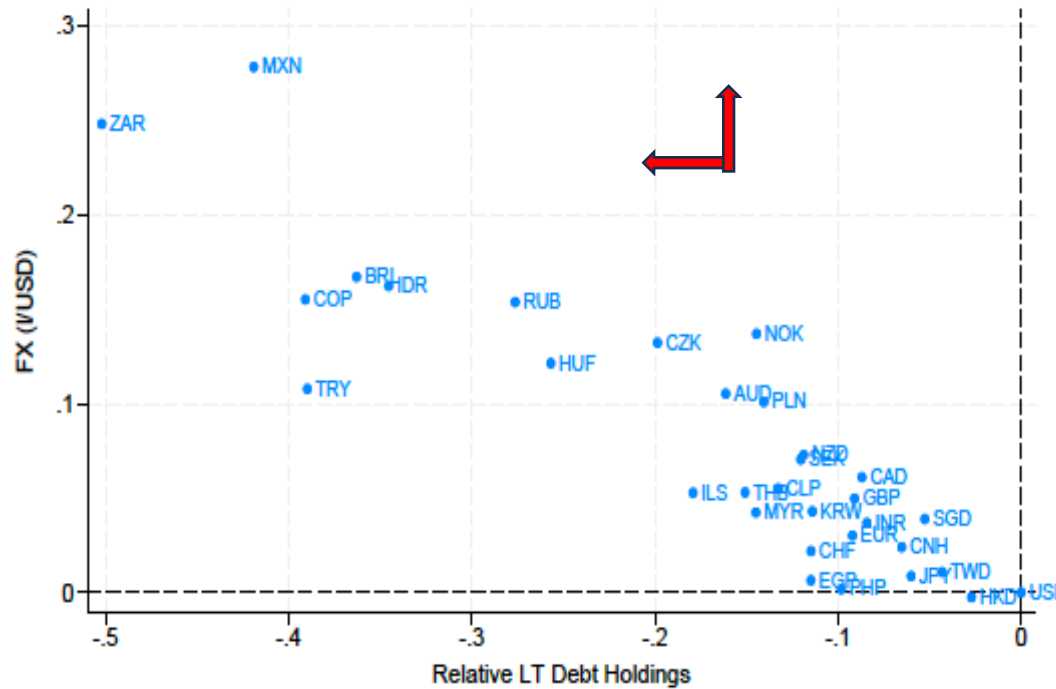
The Comeback of Coercion

- Trade war and strategic positioning in trade – coercion - (Albert Hirschman) are **reshaping trade networks**.
- It may not look like fragmentation in aggregate, more like a repositioning in GVC.
- Flynn, Levy, Moscona, Wo (2025) find that sectors with higher exposure to geopolitical risk exhibit significantly **greater innovative activity**.
- Goal of strategic repositioning and innovation seems to increase « **sovereignty** », resilience to geopolitical risk.

International Finance: Unipolar, Multipolar? How fragmented?

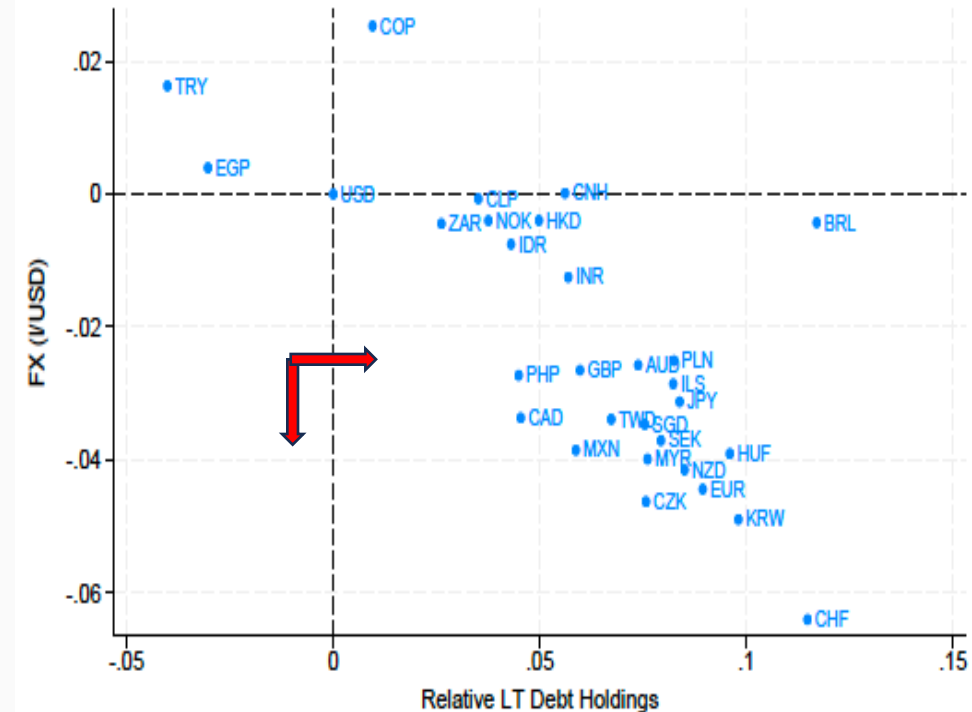
- Creation of **different trade corridors**: may **increase currency competition and multipolarity of the financial system**.
- **Sanctions and sovereignty**: **regionalization of payment systems** is likely to increase multipolarity. Does this lead to fragmentation more broadly?
- Does the decline in transaction costs due to cryptos make the **vehicle currency role of the USD less relevant**?
- Or does the ease of access to **USD stable coins** (or other instruments) lead to greater dollarization in the world economy?
- **Are we seeing the (US) fiscal dominance of International Finance and international Trade** ? US stablecoins are promoted explicitly to shore up demand for US Treasuries and trade tariffs generate non negligible revenues.

Warning shot? Market reaction: Covid shock versus Liberation day



LT Government Debt; FX (I/USD)

Covid Effect on FX; 30 day window post US closure;
5 March 2020



International Finance Network: Portfolio Assets: 2000 versus 2019

Source: « Global Footprints of Monetary Policies » Miranda-Agrippino, Menova and Rey (2022)

➤ Unipolar

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Watch **replay** on  YouTube