

Hélène Rey

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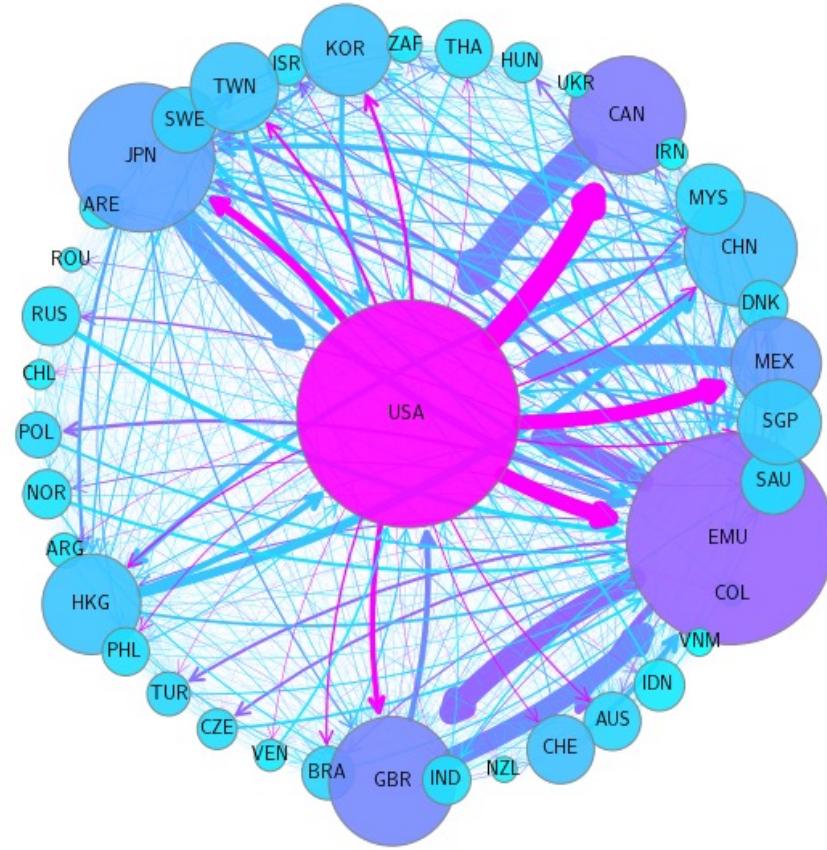
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Kongresshaus Zürich

GLOBAL TRADE WARS AND THEIR FALLOUT

HÉLÈNE REY

LONDON BUSINESS SCHOOL, CEPR AND NBER

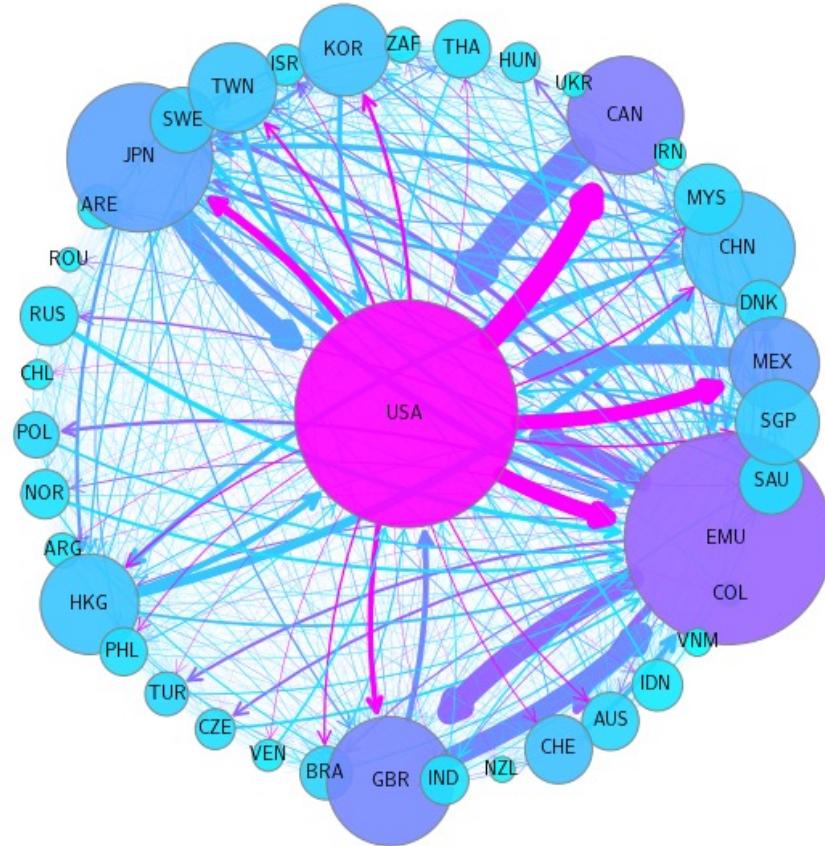
International Trade Network: Exports 2000 versus 2019



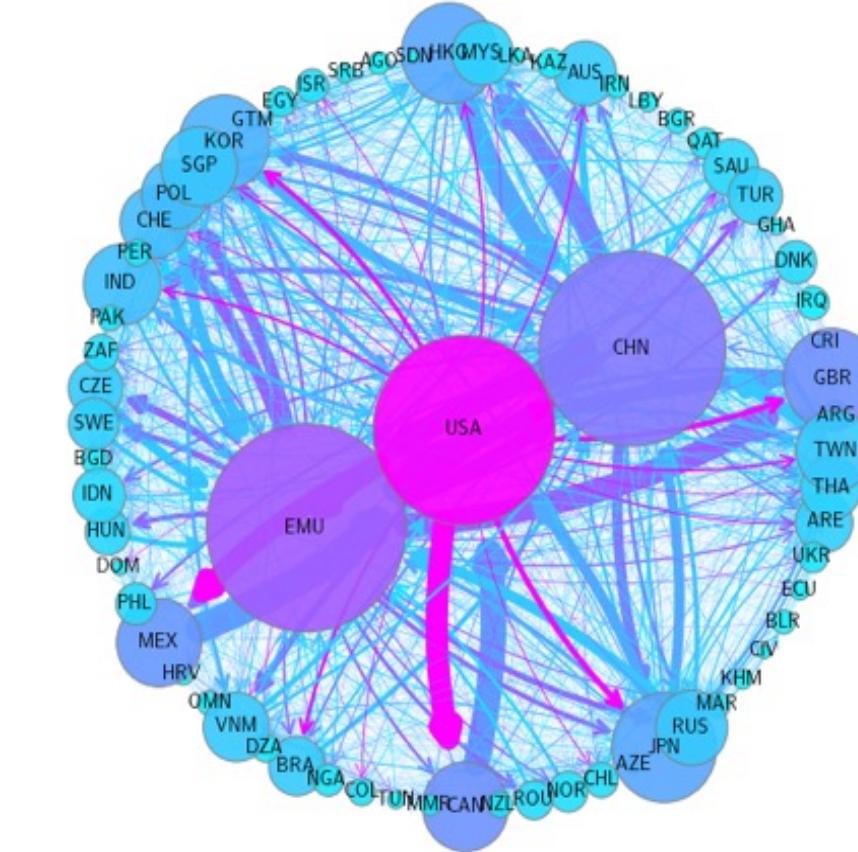
Merchandise Trade. IMF DOTS

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

International Trade Network: Exports 2000 versus 2019

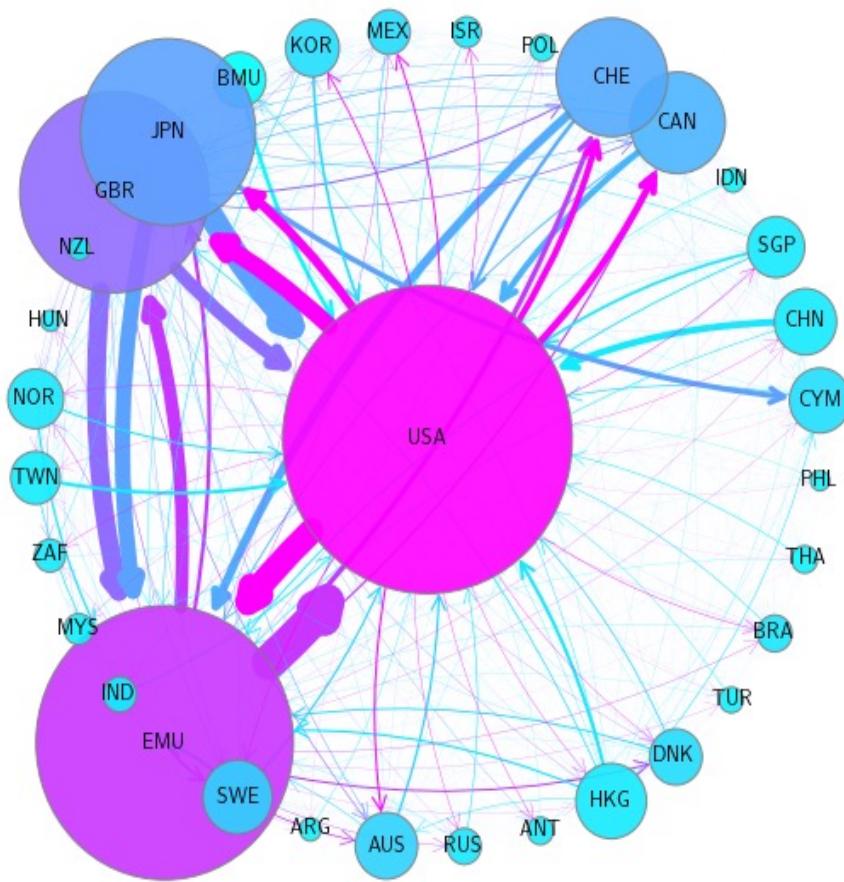


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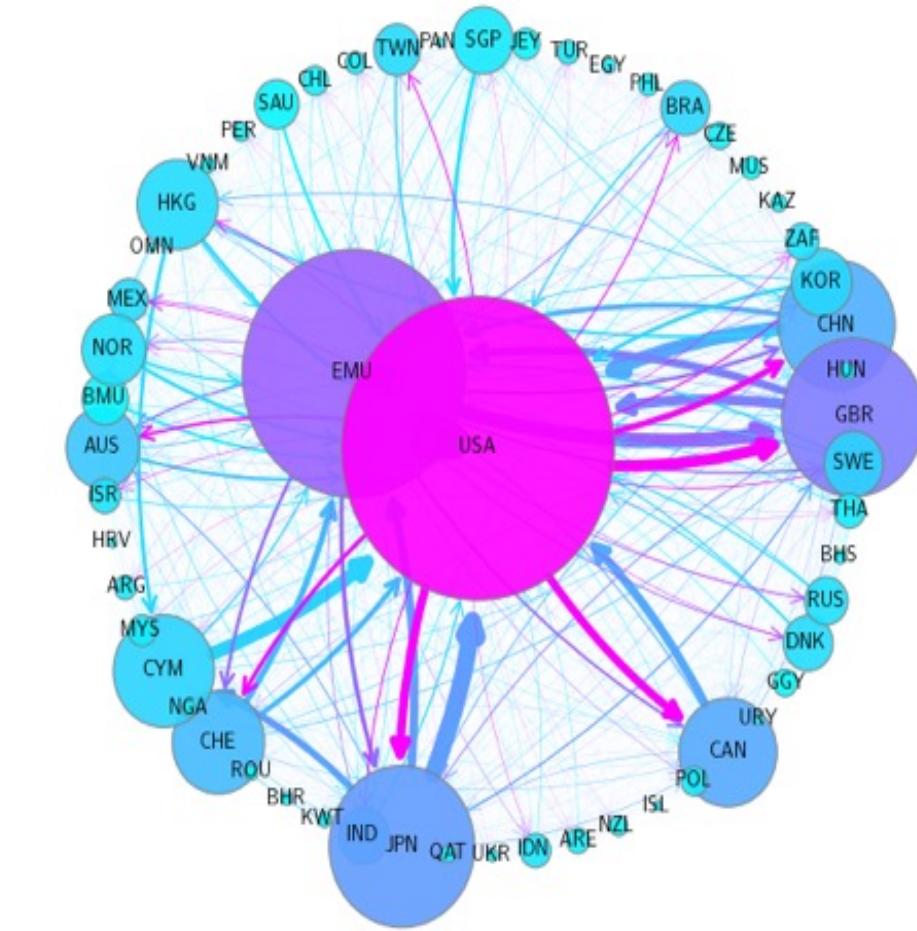
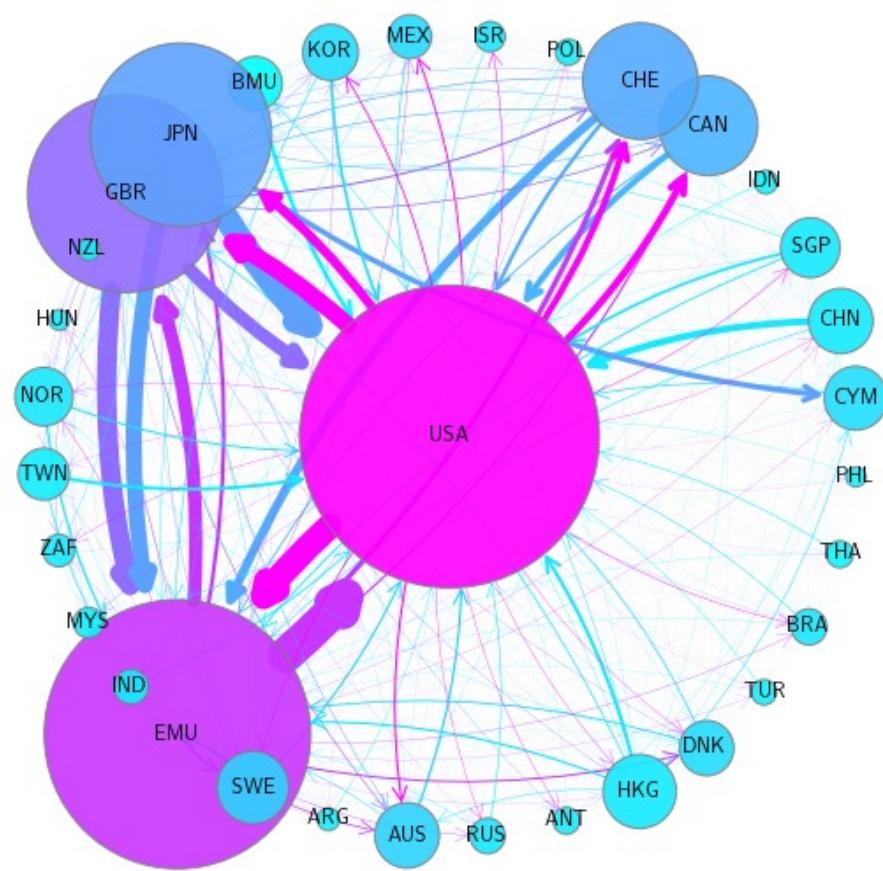


➤ Tripolar

International Finance Network: Portfolio Assets: 2000 versus 2019



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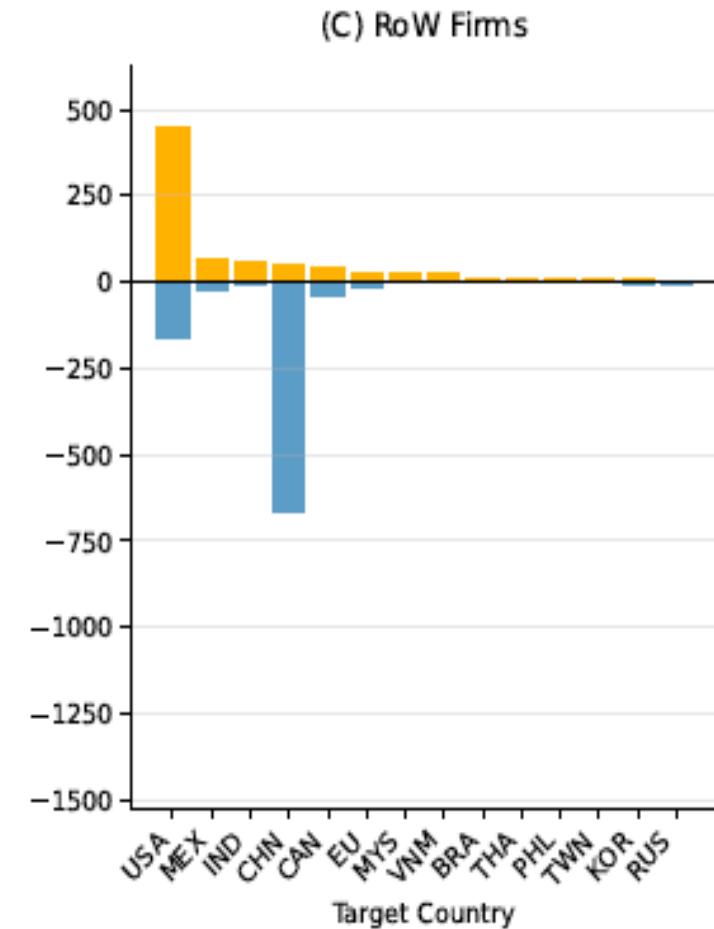
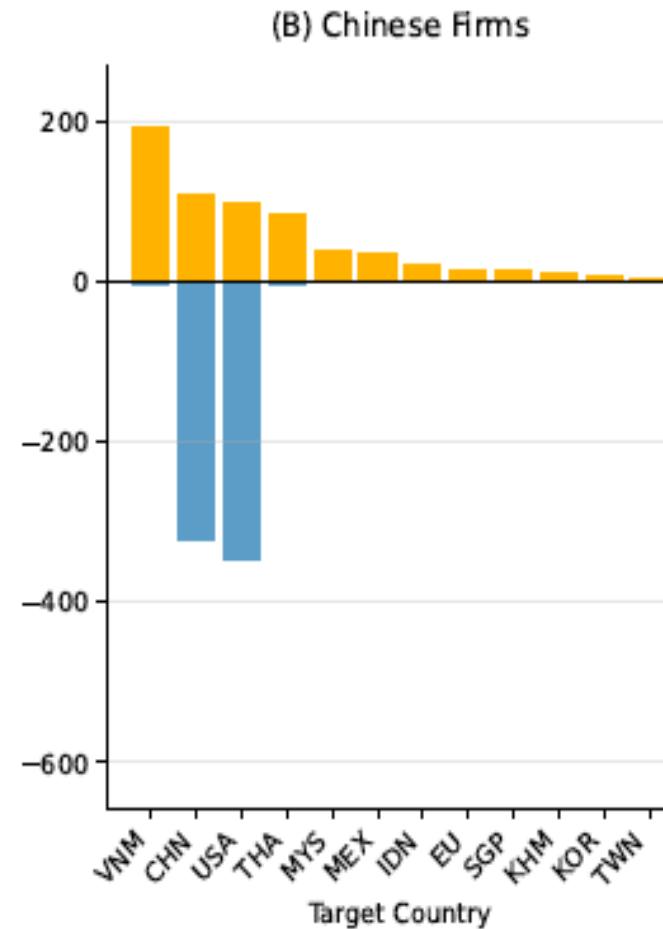
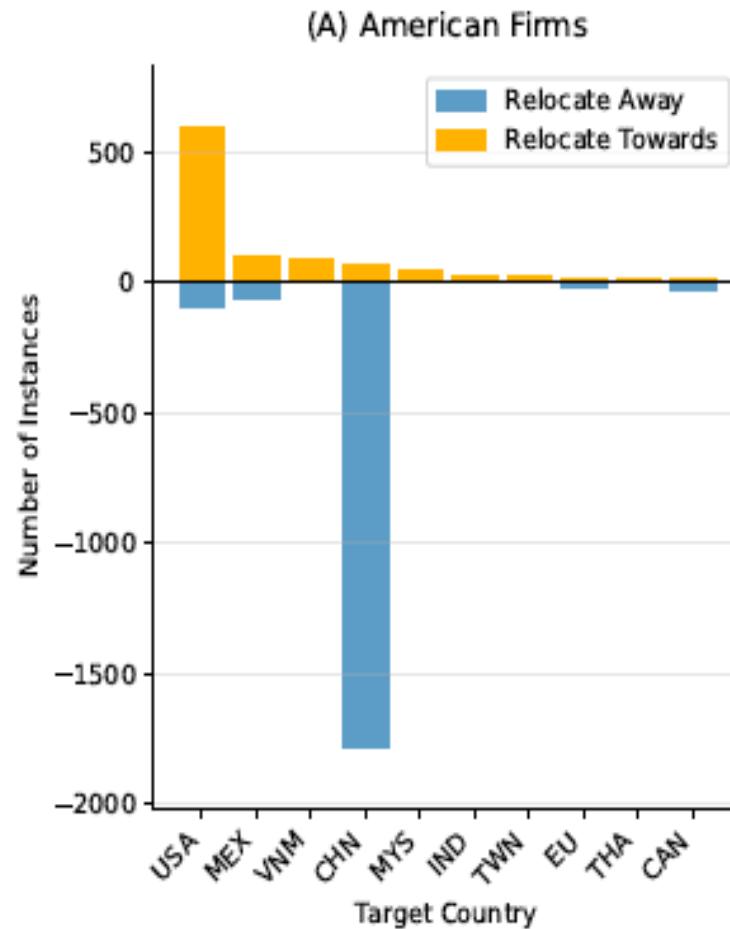


➤ Unipolar

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

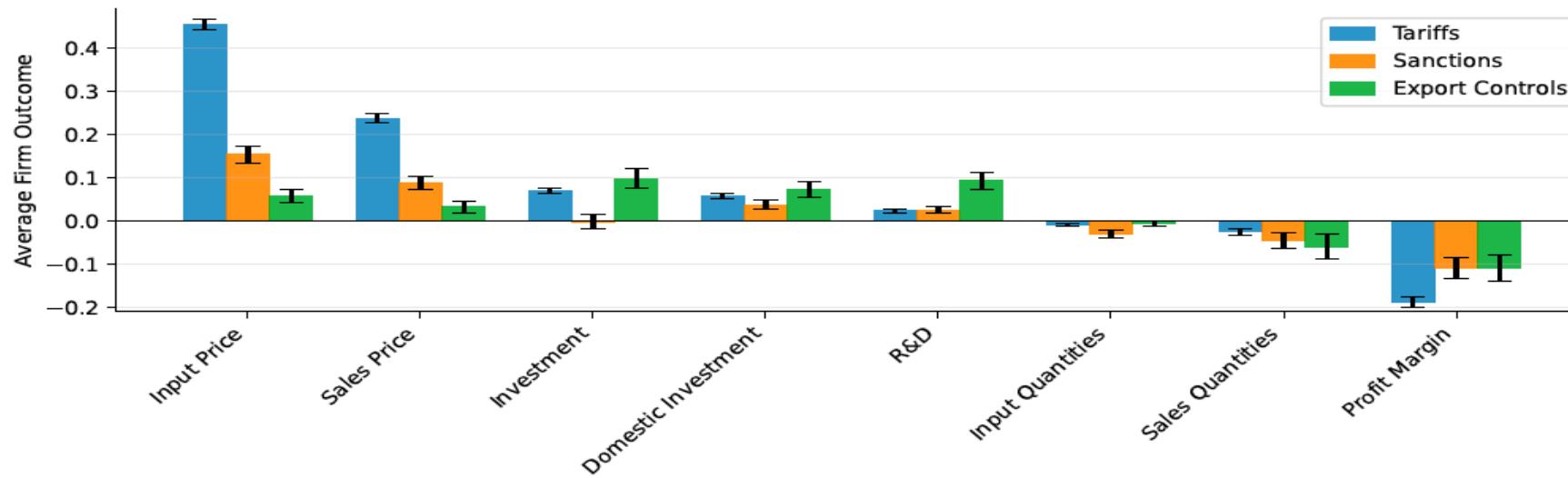
Firms reactions to tariffs (from earning calls data)

Supply Chain Readjustment in Response to US Tariffs

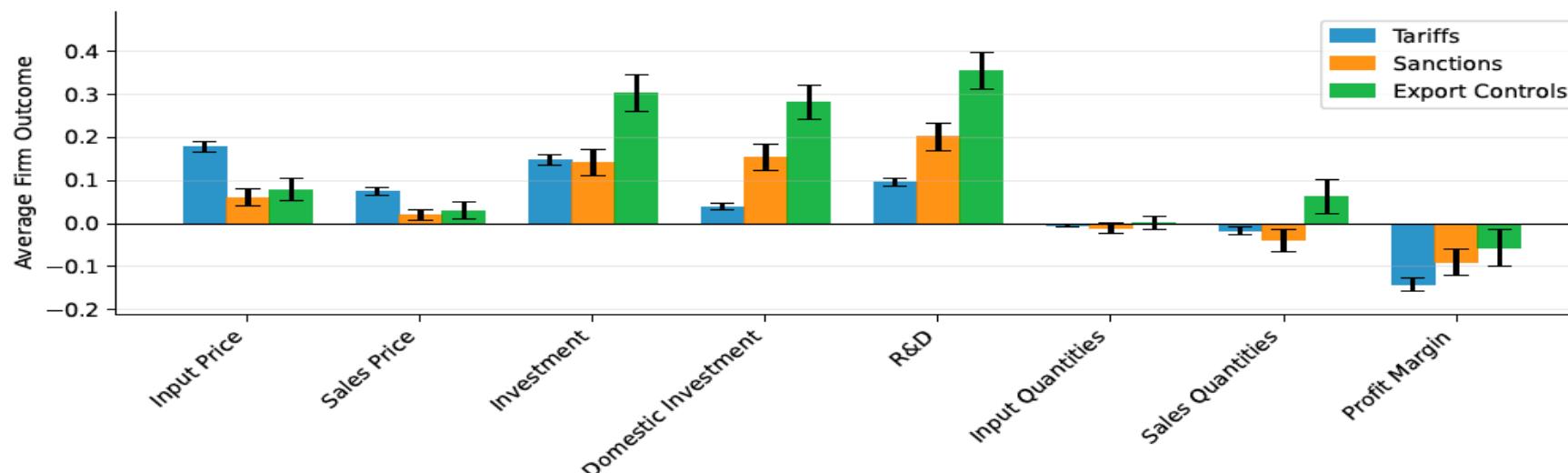


Firms reactions to tariffs, sanctions and export controls (from earning calls data)

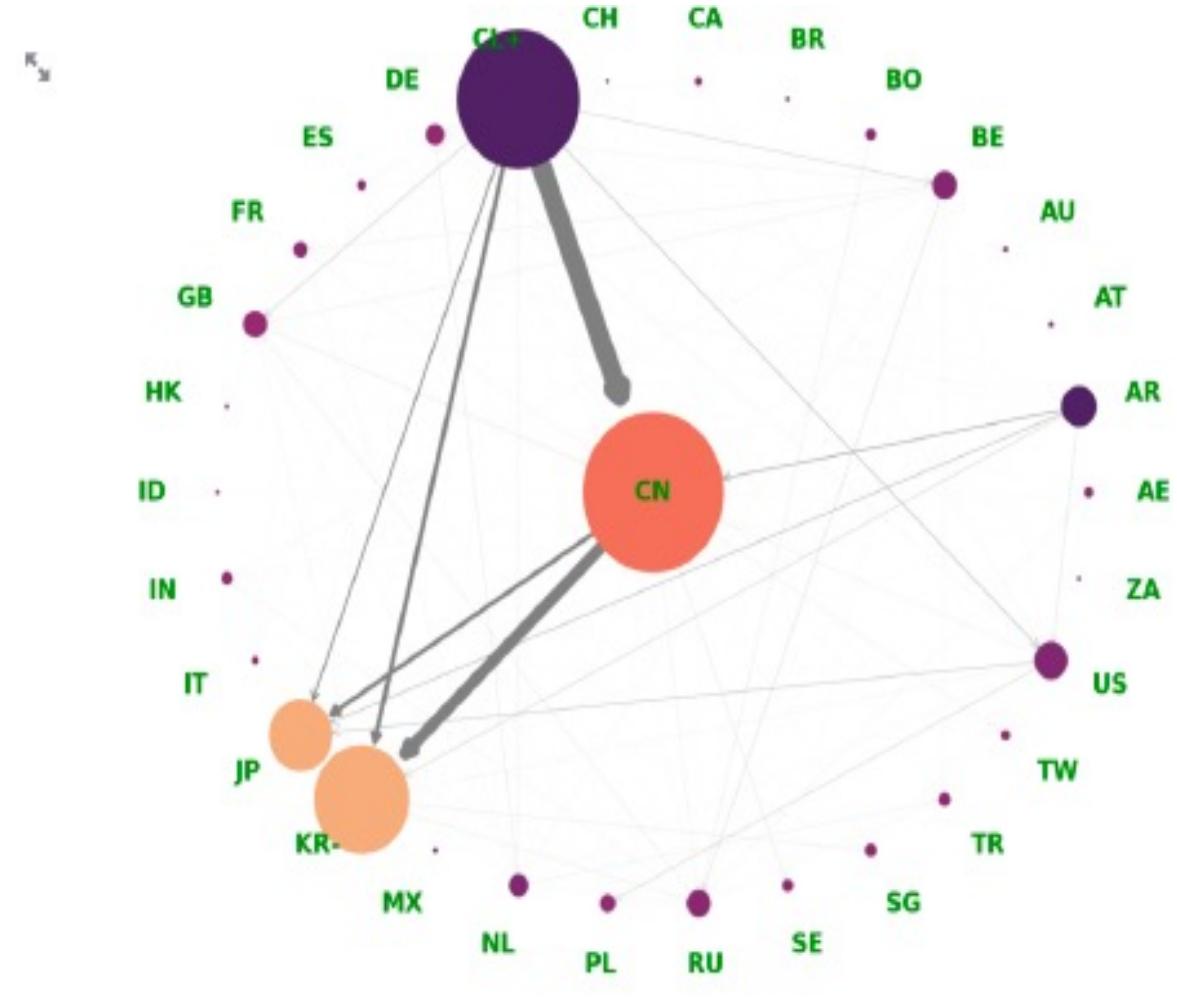
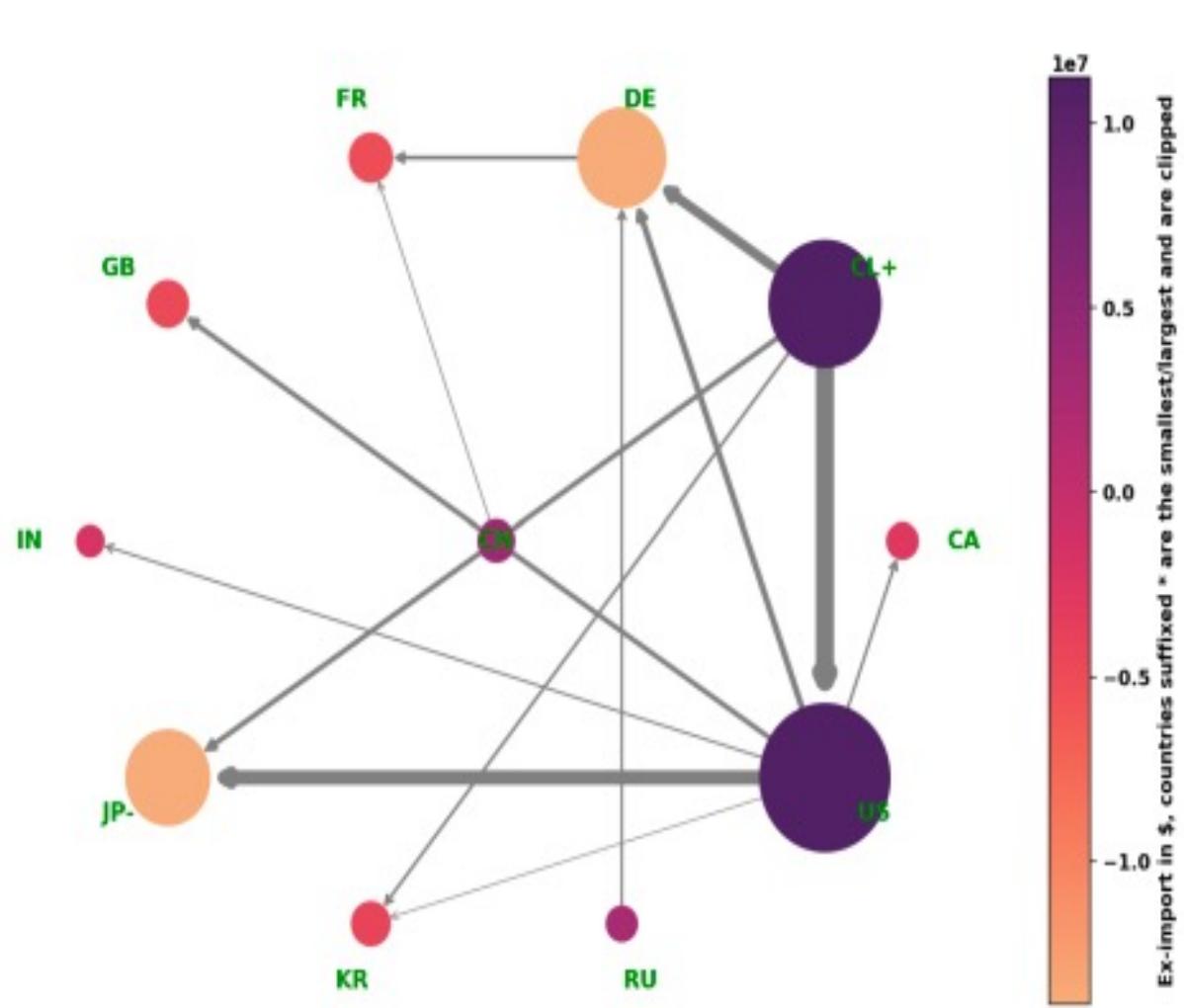
(a) Firms in Sender Country



(b) Firms in Receiver Country



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

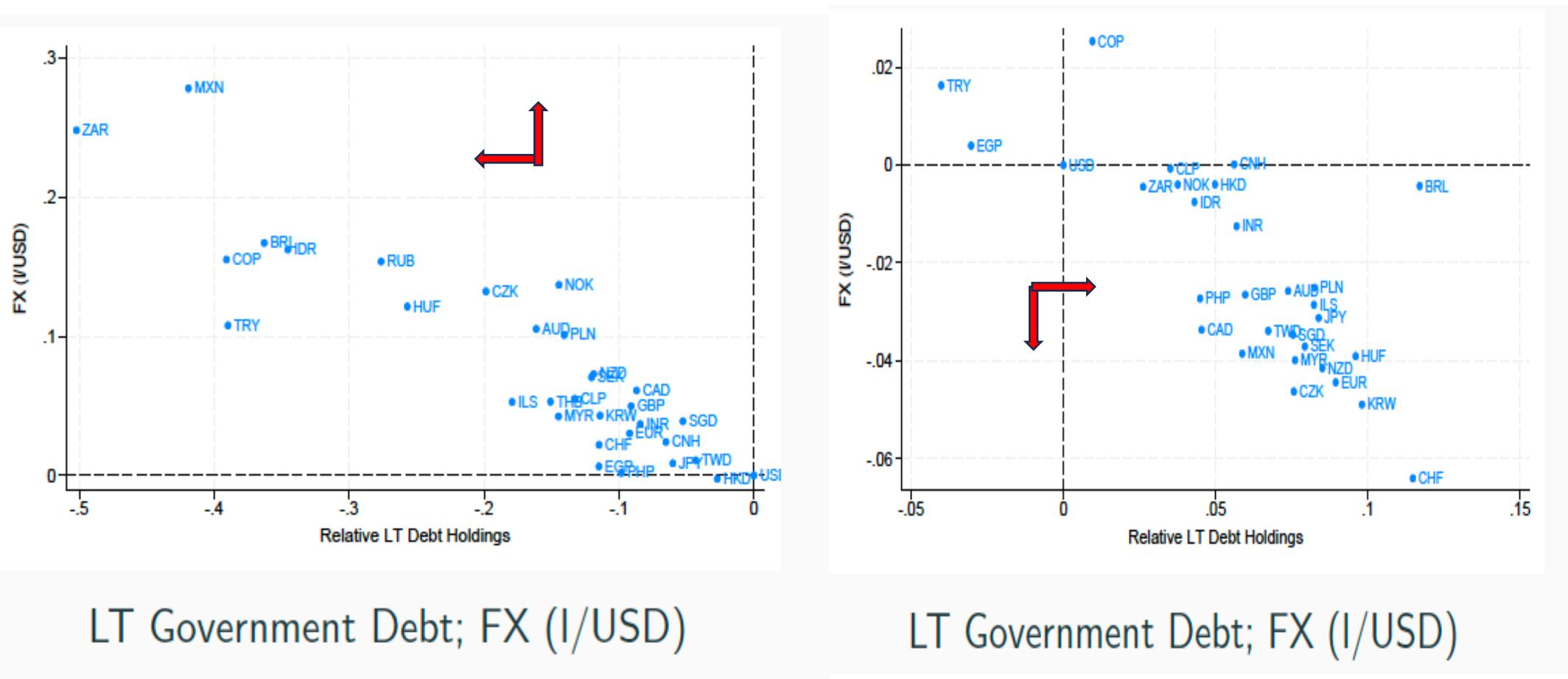
The Comeback of Coercion

- 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?

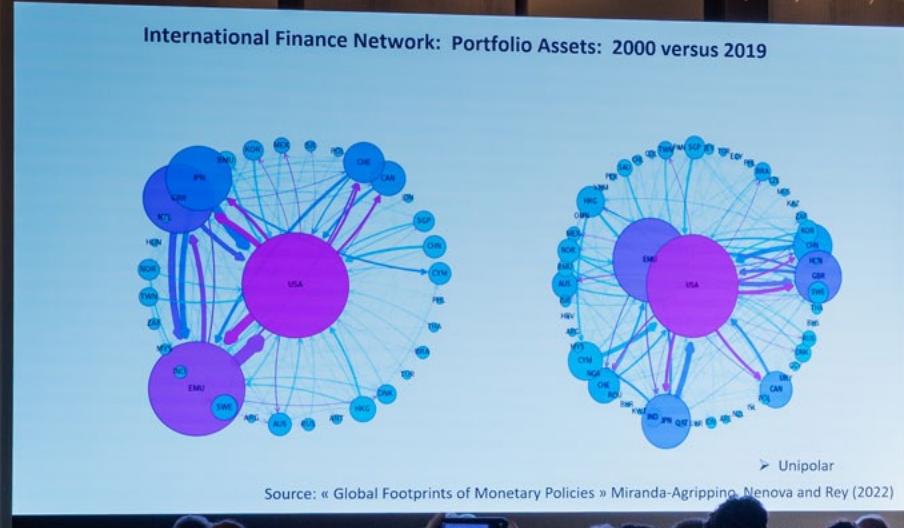
- Creation of **different trade corridors**: may **increase currency competition and multipolarity of the financial system**.
- **Sanctions and sovereignty: regionalization of payment systems** is likely to increase multipolarity. Does this lead to fragmentation more broadly?
- Does the decline in transaction 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



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

Trump Tariffs Effect on FX; 30 day window
post announcement; 2 April 2020



Watch **replay** on  **YouTube**