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America First, Trade Last: The Rise of Weaponised Tariffs

By Vahini Naidu

Donald Trump’s return to the White House has reignited economic nationalism, transforming tariffs into instruments of political and economic coercion. His administration’s four-phase strategy—setting policy objectives, conducting strategic reviews, imposing preemptive tariffs, and unpredictable brinkmanship—signals a shift towards unilateralism that bypasses traditional legal frameworks and undermines multilateral trade governance. The recent tariffs on Mexico, Canada, and China, imposed under the International Emergency Economic Powers Act (IEEPA) on security grounds, represent an unprecedented expansion of executive power in trade policy. As the U.S. weakens the WTO and prioritises economic nationalism, the Global South faces a decisive moment. The increasing use of trade measures for geopolitical leverage threatens to further marginalise developing countries. In response, the Global South must take a proactive role in shaping the global trade landscape—deepening South-South cooperation, enhancing regional trade frameworks, and advancing structural reforms to promote resilience and economic sovereignty in an era of growing trade uncertainty. This piece argues that Trump's trade strategy marks a broader shift towards a power-driven trade order, where economic dominance supersedes rules-based governance, and that the Global South must act decisively to prevent a future where trade is dictated by the strongest rather than negotiated through fairness and equity.

Le retour de Donald Trump à la Maison Blanche a ravivé le nationalisme économique, transformant les droits de douane en instruments de coercition politique et économique. La stratégie de son administration, composée de quatre phases - définition des objectifs politiques, réalisation de révisions stratégiques, imposition de droits de douane préventifs et l’adoption d’une politique risquée et imprévisible - marque un tournant vers l'unilatéralisme qui contourne les cadres juridiques traditionnels et sape la gouvernance commerciale multilatérale. Les récents droits de douane imposés au Mexique, au Canada et à la Chine, en vertu de la loi sur les pouvoirs économiques d'urgence internationale (IEEPA), sur la base de considérations de sécurité nationale, représentent une expansion sans précédent du pouvoir exécutif dans la politique commerciale. Alors que les États-Unis affaiblissent l'OMC et donnent la priorité au nationalisme économique, le Sud Global est confronté à un moment décisif. L'utilisation croissante de mesures commerciales à des fins géopolitiques menace de

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marginaliser davantage les pays en développement. En réponse, le Sud Global doit jouer un rôle proactif dans la définition du paysage commercial mondial - en approfondissant la coopération Sud-Sud, en améliorant les cadres commerciaux régionaux et en faisant progresser les réformes structurelles pour promouvoir la résilience et la souveraineté économique dans une ère de plus en plus marquée par l'incertitude commerciale. Cet article soutient que la stratégie commerciale de Trump marque un changement plus large vers un ordre commercial axé sur le pouvoir, où la domination économique supplante la gouvernance fondée sur des règles, et que le Sud Global doit agir de manière décisive pour empêcher un avenir où le commerce est dicté par les plus forts plutôt que négocié par le biais de l'équité et de l'impartialité.

El regreso de Donald Trump a la Casa Blanca ha reavivado el nacionalismo económico, transformando los aranceles en instrumentos de coerción política y económica. La estrategia de su administración, compuesta por cuatro fases -definición de objetivos políticos, realización de revisiones estratégicas, imposición de aranceles preventivos y adopción de una política arriesgada e impredecible- marca un giro hacia el unilateralismo que elude los marcos jurídicos tradicionales y socava la gobernanza multilateral del comercio. Los recientes aranceles a México, Canadá y China, impuestos bajo la Ley de Poderes Económicos en Situaciones de Emergencia Internacional (IEEPA), con el argumento de la seguridad nacional, representan una expansión sin precedentes del poder ejecutivo en política comercial. Mientras Estados Unidos debilita a la OMC y da prioridad al nacionalismo económico, el Sur Global se enfrenta a un momento decisivo. El creciente uso de las medidas comerciales para ejercer presión geopolítica amenaza con marginar aún más a los países en desarrollo. En respuesta, el Sur Global debe asumir un papel proactivo en la configuración del comercial mundial, profundizando la cooperación Sur-Sur, fortaleciendo los marcos comerciales regionales y promoviendo reformas estructurales para aumentar la resiliencia y la soberanía económica en una era de creciente incertidumbre comercial. Este artículo sostiene que la estrategia comercial de Trump marca un cambio más amplio hacia un orden comercial impulsado por el poder, en el que el dominio económico sustituye a la gobernanza basada en normas, y que el Sur Global debe actuar de manera decisiva para evitar un futuro en el que el comercio sea dictado por el más fuerte en lugar de negociarse con justicia y equidad.

Means to the End

Donald Trump's return to the White House has ushered in a new era of economic nationalism and trade protectionism, reshaping the global trade landscape. His administration's approach seems to follow a non-sequential four-phase disruptive strategy: actively establish a policy destination, conduct investigative reviews to justify any potential binary (profit or loss) actions, implementing preemptive tariff measures, and introducing a volatile "wildcard" phase in an attempt to inject "unpredictable brinkmanship" into trade policy. This evolving strategy signals a proactive shift towards more coercive and unilateral trade action, with far-reaching implications for global markets and economic diplomacy.

While the America First Trade Policy memorandum (AFTP) presents a structured framework for trade reforms, Trump is already moving aggressively to reshape United States trade relations and interdependencies. His administration's attempt at weaponising tariffs is extending their use beyond trade enforcement to exert political and economic pressure on other countries including in the North.

The memorandum directs key agencies and the U.S. Trade Representative (USTR) to conduct sweeping reviews of trade deficits, currency manipulation, and tariff exemptions, laying the groundwork for broad, long-term tariff policies. These reports, due in April 2025, are anticipated to offer a nationalist rationale for upcoming tariff increases and trade renegotiations, bolstering Trump's narrative that his pre-planned actions are solely motivated by economic nationalism.

However, Trump has already moved ahead of these reviews with his pre-determined actions. On February 1, 2025, he announced immediate tariffs on imports from Mexico, Canada, and China, imposing a 25% tariff on Mexican and Canadian goods, with a reduced 10% tariff on Canadian energy exports and an additional 10% tariff on Chinese imports on top of existing duties. Alongside these tariffs, his administration ended the de minimis exemption for most Chinese goods, effectively blocking duty-free entry for low-value shipments and forcing importers to file formal customs declarations and pay applicable duties. While tariffs on Mexico and Canada were temporarily suspended following highlevel negotiations, Trump has signaled further expansions—targeting oil and gas, pharmaceuticals, steel, aluminum, cars, and semiconductors, with the European Union as the next likely target. On February 10, 2025, Trump imposed a blanket 25% Section 232 tariff on all steel and aluminium imports—no exceptions, no exemptions. As Western allies bear the cost of their alliances, the Global South's enduring resilience offers a blueprint for navigating such *force majeure.*

Tariff weaponisation

In addition to these measures, the administration appears to be working towards institutionalising tariffs as both a strategic weapon and a permanent fixture of U.S. trade policy, actively leveraging them to shape foreign policy as well. Proposals include the creation of an External Revenue Service to centralize tariff collection and the continued reassessment of exemptions and enforcement mechanisms. This shift fundamentally reshapes U.S. trade strategy, transforming tariffs from mere responses to trade imbalances into a strategic tool for exerting economic influence and dictating global trade dynamics solely in pursuit of U.S. terms and interests.

But beyond this structured policy, investigative reviews, and preemptive tariffs lies a final, highly unpredictable stage: the "wildcard" phase. This phase moves beyond economic rationale, introducing volatility where tariffs become tools of political leverage rather than trade policy. The recent escalation with Colombia is a clear example. After Colombia barred U.S. military planes carrying deported migrants, Trump swiftly imposed a 25% tariff on all Colombian imports, set to rise to 50% within a week. However, Colombia later withdrew its planned countermeasures after the White House announced that it had "agreed to all of President Trump's terms", including the unrestricted acceptance of deported Colombian migrants, without limitation or delay. The agreement conditions the suspension of tariffs and sanctions on Colombia's unrestricted acceptance of deported migrants, while visa sanctions and customs inspections remain in place until the first deportation flight is successfully completed. In effect, trade measures have become active instruments of imposing diplomatic pressures, with any tariff relief conditioned on migration enforcement rather than pure trade and economic considerations. This case underscores a broader pattern in which trade tools are being repurposed to secure geopolitical objectives, signalling a shift toward economic coercion as a primary means of advancing U.S. policy interests. Notably, this coercion is now being applied even to Western countries, long-standing supporters of the U.S.-led world order, who now find themselves confronting the stark reality of a system dictated by U.S. interests rather than mutual alignment.

Tariffs as a tool beyond trade: The expansion of economic leverage

The use of tariffs as an economic policy tool has traditionally been tied to trade imbalances, industrial policy, and market access, though their effectiveness and impact remain subjects of debate. Trump's measures signal an unprecedented shift—one where trade policy has been weaponised to address non-economic issues such as migration enforcement and drug control. By tying tariff increases to migration policy and fentanyl trafficking, Trump is using economic coercion as a primary enforcement mechanism against its largest trading partners like Canada, Mexico, and China. This shift blurs the traditional boundaries of trade policy, creating a precedent where access to the U.S. market is explicitly conditioned on political and security concessions rather than purely commercial terms.

This is not something inherently new to the U.S administration either. In 2018, during Trump's first term, the U.S. imposed steel and aluminum tariffs under Section 232 of the Trade Expansion Act of 1962, citing national security concerns. The U.S. justified these tariffs under the national security exception in Article XXI(b) of the General Agreement on Tariffs and Trade (GATT). This exception allows a member to take measures that would otherwise be inconsistent with GATT obligations if deemed necessary to protect essential security interests during an emergency in international relations.

World Trade Organization (WTO) panels ruled in four separate disputes brought by China, Norway, Turkey, and Switzerland, that these measures could not be justified under the security exception. The panels found that the tariffs did not meet the requirement of being imposed during an "emergency in international relations" as stipulated in GATT Article XXI(b)(iii). Despite these rulings, the U.S. has consistently rejected WTO panel interpretations of the security exception: "For over 70 years, the United States has held the clear and unequivocal position that issues of national security cannot be reviewed in WTO dispute settlement and the WTO has no authority to second-guess the ability of a WTO Member to respond to a wide-range of threats to its security."

However, unlike the 2018 tariffs, which were implemented based on tried and tested U.S. trade laws, the recently announced tariffs on Canada, China, and Mexico under Trump's second administration lack an explicit legal foundation, at least from a trade governance perspective. During Trump's first term, tariff impositions were preceded by formal investigations under statutory provisions. For instance, tariffs on steel and aluminium were introduced under Section 232 of the Trade Expansion Act of 1962, following a Commerce Department investigation into national security concerns. Similarly, tariffs on Chinese imports were imposed under Section 301 of the Trade Act of 1974, which required a prior investigation by the USTR.

Coercive unilateralism

Even though still within the realm of national security, the legal justification for the newly announced tariffs remains unclear, as President Trump has invoked the International Emergency Economic Powers Act (IEEPA) as the basis for their implementation. In a post dated February 1, 2025 on TruthSocial, Trump stated:

"Today, I have implemented a 25% Tariff on Imports from Mexico and Canada (10% on Canadian Energy), and a 10% additional Tariff on China. This was done through the International Emergency Economic Powers Act (IEEPA) because of the major threat of illegal aliens and deadly drugs killing our Citizens, including fentanyl. We need to protect Americans, and it is my duty as President to ensure the safety of all. I made a promise on my Campaign to stop the flood of illegal aliens and drugs from pouring across our Borders, and Americans overwhelmingly voted in favor of it."

The use of IEEPA to impose tariffs represents a significant departure from established U.S. trade policy, bypassing traditional legal frameworks such as Section 122 (balance-of-payments measures), Section 201 (safeguard measures), and Section 301 (unfair trade practices) of the Trade Act of 1974, Section 232 (national security investigations) of the Trade Expansion Act of 1962, and Section 338 (retaliatory tariffs against discriminatory foreign trade restrictions) of the Tariff Act of 1930, which have historically governed tariff implementation. This shift expands executive authority in trade matters, raising important considerations about its long-term implications for U.S. trade governance and multilateral economic stability.

The IEEPA was enacted in 1977 to regulate executive authority during national emergencies, particularly in response to foreign threats. In accordance with 50 U.S.C. § 1701(a), it grants the U.S. President the authority to *"deal with any unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States, if the President declares a national emergency with respect to such threat."*

Unlike traditional trade remedy measures that require investigations and procedural reviews, IEEPA allows the president to impose economic restrictions without prior agency investigations or assessments. Additionally, while the law requires the president to consult with Congress *"in every possible instance"* and immediately report any actions taken, there is no requirement for Congressional approval before implementation.

Furthermore, because Congress is currently controlled by the Republican Party, any attempt to challenge or overturn an emergency action under IEEPA would require a joint resolution, which needs a two-thirds majority in both chambers to override a presidential veto. Given the current political reality, if President Trump invokes IEEPA, he is able to impose tariffs or other economic measures swiftly and with minimal resistance, effectively bypassing traditional trade policy mechanisms and Congressional oversight.

In the past, the IEEPA has been a targeted tool for economic sanctions in response to national security threats—e.g., it was used against North Korea in 2008 over nuclear proliferation, Iran since the 1979 hostage crisis to freeze Iranian assets, and Russia in 2014 following Crimea's annexation as well as in 2022 following the Ukrainian conflict. It was also used amongst others, to impose sectoral sanctions such as restrictions against state-owned oil company PdVSA in Venezuela, and Chinese telecom firms Huawei and ZTE in 2019.

However, Trump's February 2025 executive orders imposed sweeping tariffs on key trade partners—Canada, Mexico, and China—marking the first full-scale implementation of IEEPA to justify broad trade restrictions. These measures bypassed traditional legal frameworks and Congressional oversight, allowing the U.S. president to unilaterally impose economic penalties under the guise of national security. For the Global South, this sets a troubling precedent, reinforcing a system where the most powerful economies can unilaterally adjust or violate trade rules while developing countries must continue to operate within structured multilateral frameworks.

The use of emergency powers to impose tariffs is not new. In 1971, President Richard Nixon invoked the Trading with the Enemy Act (TWEA) of 1917—the predecessor to IEEPA—to introduce a unilateral 10% surcharge on all dutiable imports, citing inflation and currency instability. While applied across the board, the real target was key U.S. trade partners like Japan and Western Europe, which were under pressure to revalue their currencies. This was the first instance of such friendly fire. Although the tariffs only lasted four months and were removed after negotiations under the Smithsonian Agreement, they set a precedent for using executive authority to sidestep traditional trade policy mechanisms.

However, Trump's use of IEEPA goes even further. Rather than responding to economic instability, he has invoked emergency powers to justify tariffs linked to immigration and security concerns. The U.S.-China trade war is about far more than tariffs—it is about upholding the U.S.' post-war global dominance for financial and technological supremacy in a changing world order. For the Global South and the erstwhile U.S. allies, this expansion of executive authority is deeply concerning. If the world's largest economy can arbitrarily impose economic penalties under broad security justifications, what stops other major powers from taking similar actions against emerging markets? The lack of Congressional input, limited judicial oversight, and indefinite duration of these tariffs raises serious questions about due process and predictability in global trade relations.

Moreover, the embedded automatic escalation mechanisms in the IEEPA tariffs create further instability, increasing the risk of retaliatory measures and economic shocks—disproportionately harming developing countries already struggling with supply chain disruptions and global financial volatility, a risk that would only deepen if these tariffs were expanded to target more of them. Compounding this concern, the Congressional Research Service has found that, since 1977, Congress has not successfully terminated an emergency declared under the IEEPA. This underscores the significant authority the U.S. executive branch wields. While procedural checks and judicial recourse exist in the U.S. system, their effectiveness has been limited in practice.

Meanwhile, under the AFTP, mandated reviews and investigations suggest additional tariffs may be forthcoming, but these processes introduce delays. In contrast, the IEEPA provides a more immediate—and potentially unilateral—pathway, allowing tariff measures to bypass standard procedural hurdles. This raises critical questions about the balance of power in U.S. trade policy and the broader global ramifications of such executive-driven economic interventions.

The world at a crossroads

As developing economies grapple with post-pandemic recovery, rising debt burdens, and shifting geopolitical fault lines, these trade disruptions add to an already uncertain landscape. The Global South stands at a pivotal moment—one that necessitates strategic adaptation and long-term resilience. More broadly, the world is at a crossroads, negotiating the contours of a multipolar order while contending with the persistence of established economic structures.

- ***WTO challenges and the erosion of multilateral trade rules***

The U.S.' imposition of tariffs on China, Mexico, and Canada raises serious concerns about compliance with WTO rules. By selectively targeting countries including a key Western ally, Washington risks violating the Most-Favoured Nation principle and breaching its own tariff commitments under WTO rules. While the U.S. justifies these measures under national security grounds, past WTO rulings have cast doubt on the broad use of such arguments. If this precedent goes unchallenged, what prevents other major economies from weaponising trade under vague security pretexts? The net result would be the marginalisation of economically weaker countries, even as leaders profess justice from United Nations General Assembly podiums. For the Global South, this is not just a legal matter—it is an existential threat to the predictability of the rules-based trading system they have long fought to uphold.

The U.S. has also moved to further insulate its national security-based trade measures from WTO scrutiny. Washington has long maintained that the WTO should not adjudicate matters it deems essential to its security interests, arguing that such disputes are inherently political and beyond the jurisdiction of trade adjudicators. In a December 2024 communication to the WTO Dispute Settlement Body, the U.S. reaffirmed its position that impacted countries should not challenge these measures as violations of WTO rules. Instead, they are expected to pursue non-violation nullification or impairment claims, which do not question the legality of the measure itself but rather seek rebalancing through tariff compensation. By also steering disputes towards arbitration under Article 25 of the Dispute Settlement Understanding, the U.S. ensures that national security claims remain beyond the reach of WTO panels, further entrenching the erosion of enforceable multilateral trade rules.

- ***The WTO's broken Dispute Settlement System***

By crippling the WTO's dispute settlement mechanism through its blockade of Appellate Body appointments, the U.S. has left trade rules effectively unenforceable. Without a functioning system to hold violators accountable, WTO governance is increasingly at risk of becoming irrelevant. Developing countries, which lack the economic muscle to retaliate unilaterally, are the biggest losers in this crisis. If WTO rulings can be ignored without consequence, even for major economies like Canada and China, what recourse do smaller economies have against trade bullying by a superpower? WTO case law has consistently indicated that sovereignty does not automatically justify violating trade rules, though exceptions exist for governments to protect public policy interests. When countries undertake binding trade commitments, they voluntarily limit aspects of their sovereignty, yet the selective application of these rules undermines the system. When powerful economies, like the U.S., ignore rulings —such as its refusal to comply with WTO decisions on Section 232 steel and aluminium tariffs—commitments become binding only for weaker players. This not only weakens the WTO's credibility but also sets a concerning precedent where global trade governance is influenced more by economic power than by fairness, reciprocity and multilaterally agreed rules. The Global South, in partnership with all like-minded developed countries, must spearhead reform efforts to restore an effective dispute settlement system—one that ensures fairness, not just survival, for weaker economies.

- ***Filling the leadership void in multilateral trade governance***

With the U.S. prioritising economic nationalism and the WTO losing credibility fast, the Global South must step up. The current trade system is rigged to favour the wealthiest players, leaving other countries, including most developing countries, with limited influence over rules that affect their economies and people. Reforming the WTO to ensure inclusivity is no longer a choice—it is a necessity. The Global South must push for a multilateralism that does not serve as a tool of the powerful but as a platform for genuinely equitable trade negotiations.

- ***The dangerous precedent of weaponised trade***

By vaguely invoking "national security" to justify tariffs, the U.S. has opened the door to a world where trade agreements are no longer binding, but subject to political whims and opportunisms. In response to these unilateral trade measures, China has formally requested

WTO dispute consultations with the U.S., challenging the legality of its tariffs under multilateral trade rules. This move reflects Beijing's intent to push back against Washington's economic coercion while reinforcing the role of the WTO as a dispute resolution forum. Given the U.S.' repeated rejection of WTO rulings involving national security justifications and its ongoing blockade of the Appellate Body, this case will test the effectiveness of WTO's enforcement mechanisms. If left unchecked, this could trigger a domino effect, where other countries will be compelled to adopt similar measures, further destabilising the global trade order. Developing countries, which rely on legal certainty and predictable rules, will bear the brunt of this volatility. The Global South must push back against the increasing weaponisation of trade and ensure that economic policies serve as tools for shared prosperity rather than instruments of coercion. While trade has always been a battleground for power and influence, it must also remain a platform for equitable growth, fostering development rather than reinforcing dominance.

- ***The shift to a power-driven trade order***

The weakening of WTO enforcement, combined with rising economic coercion, signals a shift from a rules-based order to one dictated by brute economic force. In such an environment, the most powerful economies will shape trade to serve their own interests, while smaller ones will be left struggling to navigate an increasingly hostile and unpredictable system, fighting for their economic survival. As the African proverb warns: "when elephants fight, it is the grass that suffers". If the Global South does not take a proactive role in shaping global trade, it risks being sidelined as trade blocs fracture and rules are rewritten to serve the interests of dominant economies. Now is the time for collective action to build alternative economic alliances and reinforce an equitable multilateral system—one that is resilient, inclusive, and not dependent on any single power.

- ***Rethinking critical raw materials trade: Lessons for the Global South***

China's recent announcement of countermeasures—including export controls on high-tech minerals and tariffs on U.S. energy and a list of industrial goods—underscores a growing reality in global trade: economic coercion is increasingly met with economic retaliation. The U.S. has wielded tariffs as a weapon of political leverage, but China's response highlights a different dimension of trade conflict—the growing role of critical raw materials (CRMs) as strategic assets. The U.S. itself designates many of these minerals as essential to national security, yet it remains heavily reliant on imports from China and other suppliers in the Global South. For decades, resource-rich developing countries have largely remained exporters of unprocessed minerals, capturing little economic value while being highly exposed to external trade policies. However, China's approach demonstrates how resource management policies can foster industrial development and economic resilience. Indonesia's nickel export ban, for example, successfully encouraged multinational firms to invest in local refining, capturing more value from its mineral wealth. Similarly, countries with lithium, cobalt, tungsten, and rare earths could adopt domestic processing policies to strengthen economic independence and counter the risks of supply chain disruptions caused by geopolitical trade wars. Rather than being caught in the crossfire of major power disputes, resource-rich countries must strategically manage their exports to secure industrial gains, ensuring that their natural wealth contributes to domestic industrialisation rather than serving only as inputs for foreign supply chains. The shift away from raw material dependence is not just an economic strategy—it is a necessity in a world where trade is increasingly driven by political considerations rather than market principles. As trade tensions escalate, the Global South must resist economic coercion by ensuring that its most valuable resources serve its own development needs.

- ***Strengthening South-South trade and economic alliances***

In an era of shifting global trade dynamics, developing countries should continue to enhance their prioritisation of stronger South-South cooperation and regional integration to enhance economic resilience. While the WTO remains a vital institution, the limitations of the multilateral trading system and the unpredictability in U.S. trade policy, as being witnessed currently, underscores the need for alternative approaches. South-South trade agreements, such as the African Continental Free Trade Area (AfCFTA), the Regional Comprehensive Economic Partnership (RCEP) in Asia, and Mercosur in Latin America, are critical instruments for deepening economic ties and reducing reliance on traditional trade routes dominated by a single power. Strengthening regional value chains within these agreements will create sustainable economic opportunities, enhance industrialisation efforts, and ensure that trade benefits are more evenly distributed. The role of strategic blocs like BRICS (Brazil, Russia, India, China and South Africa) and its expansion (BRICS+) is becoming increasingly significant in shaping a more multipolar global economic order. These alliances offer platforms for financial cooperation, investment, and trade that can serve as counterweights to the dominance of existing economic power structures. Additionally, engagement with the Association of Southeast Asian Nations (ASEAN), the Middle East, China, India, and other fast-growing economies is crucial for mitigating risks associated with over-dependence on any single market. However, these relationships must be built on equitable terms, ensuring that developing countries are not locked into extractive or asymmetrical trade models.

- ***The G20 under U.S. leadership***

The U.S. is scheduled to assume the Group of Twenty (G20) presidency on December 1, 2025, providing a strategic platform to shape global trade and other narratives. As geopolitical and economic tensions grow, the G20 under U.S. leadership must navigate competing interests while fostering meaningful cooperation. Its success will hinge on the ability to build consensus, address both developed and developing countries' concerns, and uphold a trade system that balances economic growth with inclusivity. Ensuring that multilateralism remains central to the G20's agenda will be critical in preserving its relevance in an increasingly fragmented global economy. The U.S. has been adjusting its approach to multilateralism for some time; the key question is whether the Trump administration's agenda reflects a strategic recalibration rather than a full-on retreat.

- ***The rise of alternative financial systems***

As the Global South builds new alliances, the U.S. sees a challenge to its long-standing grip on global finance and tech leadership. Initiatives like BRICS' push for trade in diverse currencies and the expansion of the New Development Bank have signaled a gradual shift away from Western financial control. In Washington, these moves are seen as a direct threat. BRICS+ countries now account for 46% of global GDP and 55% of the world's population. To counter this, the U.S. is ramping up economic pressure, by employing a range of economic tools, including tariffs and export controls. While these policies are presumably aimed at addressing trade imbalances and advancing U.S. interests, they also have the effect of exerting pressure on emerging economies, particularly those of BRICS' countries. But this strategy may have unintended consequences. Rather than stalling the rise of alternative financial systems, it may accelerate them. The more the U.S. turns to economic coercion, the more the Global South shall seek independent and sovereign pathways—strengthening regional trade arrangements, expanding non-Western payment systems, and reinforcing institutions like BRICS+ and the New Development Bank. What Washington sees as a challenge to its financial dominance may, in reality, reflect the gradual shift towards a more diversified global financial system—one where the Global South gains greater economic independence and reduces its reliance on U.S.-led financial structures. While the U.S. still wields significant influence through the dollar and its financial institutions, its use of economic pressure could unintentionally accelerate efforts by other countries to seek alternatives. This transition is not a sudden break from the existing system but a long-term realignment shaped by broader geopolitical and economic trends.

Driving change, not just adapting to it

This is a defining moment for the Global South as the world transitions into a multipolar trade landscape, where U.S. dominance is no longer absolute. Global trade—and, to a still limited but growing extent, the financial system—is evolving, bringing shifts in economic influence and institutional engagement. At the same time, emerging economies have the capacity to shape trade rules and supply chains, challenging traditional patterns of dominance. This presents both opportunities and risks. Rather than waiting for the U.S. to redefine its terms of engagement, the Global South has the opportunity to strengthen South-South cooperation, deepen regional integration, diversify partnerships, and advocate for reforms that create a more balanced and inclusive global economic system. The objective is not to replace one dominant power with another, but to create a system where influence is more equitably distributed. As competition and protectionism intensify in the Global North, and as the Global South's economic weight continues to grow, it has a unique opportunity to play a proactive and decisive role in shaping the future of global rules. The key strategic question is how the Global South can drive transformation rather than merely adapting to the changes unfolding around it.

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