

Cite As: Alka Nanda Mahapatra & Samiksha Lohia, *Trade at the Crossroads: Fragmentation, Realignment, and the Reconstitution of Global Economic Order* 17(1) TRADE L. & DEV. vi (2025)

## TRADE AT THE CROSSROADS: FRAGMENTATION, REALIGNMENT, AND THE RECONSTITUTION OF GLOBAL ECONOMIC ORDER

ALKA NANDA MAHAPATRA\* & SAMIKSHA LOHIA\*\*

### TABLE OF CONTENTS

- I. INTRODUCTION
- II. ABOUT THIS ISSUE
- III. ACKNOWLEDGEMENTS
- IV. CONCLUSION

### I. INTRODUCTION

In June 2025, our Editorial Board convened at a moment marked by what many termed a global “tariff shock.” It was against this backdrop that we chose the theme for this issue: “**Into the Future of Global Trade: Tackling Fragmentation, Protectionism, Tariffs, and Beyond.**” At the time, the tariff confrontation among major economies appeared to be reaching its zenith. Analysts cautioned that under the weight of renewed US tariff measures and the accelerating decoupling between the United States (US) and China, global growth would slow, trade flows would reconfigure, and value chains would undergo significant restructuring.

The data seemed to support this apprehension. Although global trade reached an unprecedented \$33 trillion in 2024, early indicators in 2025 suggested stagnation. Leading institutions such as the International Monetary Fund and the World Trade Organization (WTO) began revising their forecasts downward, projecting goods trade growth at close to zero — if not marginally negative. Protectionism and fragmentation were no longer abstract concerns; they were the defining features of

---

\* Editor-in-Chief, Trade, Law and Development; Candidate 2026, B.A., LL.B. (Business Law Hons.), National Law University, Jodhpur, India. The author may be contacted at [alkananda.mahapatra\[at\]nlujodhpur.ac.in](mailto:alkananda.mahapatra[at]nlujodhpur.ac.in).

\*\* Editor-in-Chief, Trade, Law and Development; Candidate 2026, B.A., LL.B. (International Trade and Investment Law Hons.), National Law University, Jodhpur, India. The author may be contacted at [samiksha.abhishek\[at\]nlujodhpur.ac.in](mailto:samiksha.abhishek[at]nlujodhpur.ac.in).

the global trading system. Our chosen theme, therefore, was not only timely but necessary.

Subsequent developments have only reinforced this assessment. In early 2025, the US announced sweeping tariff increases, including significant duties on imports from Mexico, Canada, and China, followed by additional levies on steel, aluminium, and automobiles. By April, ‘reciprocal’ tariffs had been extended across a broad range of trading partners. Observers warned that such measures could fundamentally disrupt global commerce. Domestic analyses suggested that average US tariff levels had risen sharply as they reached heights comparable to the Smoot–Hawley Tariff Act era — raising concerns about slower growth and higher inflation. These policy shifts have already begun to reshape supply chains, compelling firms to diversify sourcing strategies while exporters search for alternative markets.

Yet fragmentation is not confined to tariff policy alone. Geopolitical realignments and ‘friendshoring’ trends have intensified, with trade patterns increasingly reflecting strategic alliances. Countries beyond traditional power blocs such as India, Vietnam, and Brazil have expanded their roles in global commerce. Regional initiatives, including the Association of Southeast Asian Nations’ Digital Economy Framework Agreement and the African Continental Free Trade Area, signal parallel efforts to deepen intra-regional integration and mitigate external shocks. While non-tariff barriers have proliferated, new trade corridors have simultaneously emerged. Indeed, by late 2025, the United Nations Conference on Trade and Development reported that global trade was on track to reach a record \$35 trillion, driven significantly by growth in East Asia, Africa, and South-South exchanges.

These developments underscore a paradox: globalization is not collapsing, but reorganizing. Supply chains are adjusting, alliances are shifting, and regulatory frameworks are evolving. The trading system stands not at an endpoint, but at a moment of transformation.

As we look ahead, uncertainty remains a constant. Fresh tariff announcements and legal challenges in early 2026 reaffirm the volatility of the present landscape. This issue does not advocate a particular policy position. Rather, it seeks to provide a platform for rigorous and balanced scholarship examining these dynamics from legal, economic, and regional perspectives. The contributions assembled here analyse how fragmentation, protectionism, and shifting tariff regimes affect diverse countries and sectors, offering insights that enrich contemporary discourse.

History reminds us that global trade has endured wars, crises, and political realignments — emerging altered, yet resilient. In exploring the future of global trade, this issue invites readers to consider not only the challenges of fragmentation but also the opportunities inherent in transformation. We extend our sincere

gratitude to our authors for engaging with these pressing questions and trust that this collection will serve as a meaningful resource for scholars, practitioners, and policymakers navigating this evolving era.

## II. ABOUT THIS ISSUE

The contributions in this issue engage directly with the structural transformations explored in this Foreword, examining how international trade law evolves amid institutional strain and geopolitical fragmentation. The articles and notes in this Issue are arranged in alphabetical order by the authors' first names.

We begin this Issue with by Arpita Mukherjee, Latika Khatwani, Yashvi Sachdeva, Nandini Gupta, and Sudeshna Ghosh's exploration of the services sector in India. The article offers a comprehensive and empirically grounded examination of India's services-led growth trajectory. At a time when India aspires toward its 'Viksit Bharat@2047' vision, the article situates the services sector as central not only to gross domestic product expansion and employment generation, but also to export dynamism and foreign direct investment inflows. The authors map India's performance across modes of supply and sub-sectors, assess its revealed comparative advantage in global services trade, and critically analyse the treatment of services within multilateral and preferential frameworks, including the WTO's General Agreement on Trade in Services and India's expanding network of bilateral and regional trade agreements. By identifying structural bottlenecks in both domestic regulation and external market access, the article advances concrete and forward-looking recommendations aimed at enhancing competitiveness, deepening liberalisation, and strengthening India's integration into global value chains. The article was worked upon and finalised by our editorial team consisting of Leela Krishna Reddy Yarram Reddy, Akanksha Samantray, Aaryan Bagrecha, and Shatakshi Goyal.

Next, we move to Dr. Eluckiaa Asaithambi's contribution offers a rigorous and timely examination of the 2025 invocation of the International Emergency Economic Powers Act (IEEPA) as a vehicle for imposing country-specific tariffs, and the profound institutional consequences that followed. Through a close doctrinal analysis and engagement with legislative history, executive practice, and unfolding litigation, the article demonstrates how a statute historically associated with sanctions and export controls was repurposed to reshape US tariff policy. By situating IEEPA alongside existing executive trade authorities and analysing congressional pushback, judicial fragmentation, and disputes before the WTO, the piece reveals how procedural design and emergency powers enabled a rapid shift from rules-based multilateralism toward transactional, leverage-driven trade diplomacy. A focused assessment of India's exposure and strategic response further grounds the analysis in contemporary geopolitical realities. The article was worked

upon and finalised by our editorial team consisting of Leela Krishna Reddy Yarram Reddy, Abir Balia, and Sanaya Jhunjhunwala.

Building on the preceding examination of executive tariff power and the erosion of multilateral discipline, we next turn to the question of enforcement in a system increasingly described as leaderless. Geraldo Vidigal and Melina Coelho interrogate the viability of retaliation as the principal mechanism through which trade commitments are upheld in a fragmenting order. Tracing Brazil's experience from early disputes such as *Brazil—Canada Aircraft* and *US—Cotton* to more recent legislative innovations, the authors illuminate how Brazil developed institutional and legal strategies to operationalise retaliation within — and, where necessary, beyond — the framework of the WTO. The article's analysis of Brazil's revised retaliation laws and its Economic Reciprocity framework underscores both the creativity and the limits of unilateral enforcement in the shadow of a weakened dispute settlement system. Particularly striking is the paradox the authors identify: even with enhanced legal tools at its disposal, Brazil, like many others, ultimately refrained from retaliating against sweeping US tariffs. The editorial team for this article consisted of Aastha Gupta, Tanishi Ahuja, and Samridhi Goyal.

Continuing this engagement with institutional responses to crisis, Ikanna Okim and Odinaka Akpamgbo examine the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) as an attempt to preserve appellate review within the fractured dispute settlement architecture of the WTO. Against the backdrop of the Appellate Body's paralysis following the US' veto of appointments, the authors situate the MPIA within the ideological foundations of multilateral adjudication and broader public international dispute settlement mechanisms. Through a careful comparison of structure, procedure, enforceability, and precedent, they argue that the MPIA represents less an evolutionary reform and more a pragmatic, temporary makeshift — one that safeguards appellate review in the short term but falls short of delivering a durable institutional solution. By interrogating questions of jurisdictional limits, political legitimacy, and systemic balance, the article underscores the urgent need for deeper structural reform. Ms. Okim and Akpamgbo were assisted by our editorial team comprising Leela Krishna Reddy Yarram Reddy, Divya Chidambaram, and Nomini Rao.

Shifting from crisis-driven enforcement to innovation in rulemaking, Mira Burri, María Vásquez Callo-Müller, and Anja Mesmer explore the rise of Digital Economy Agreements (DEAs) as a distinct and forward-looking model of trade governance. Situating DEAs within the broader evolution of digital trade regulation, the authors analyse their legal architecture, substantive commitments, and novel institutional features, highlighting how these agreements move beyond traditional preferential trade agreements to focus specifically on the data-driven economy. Particular attention is paid to the delicate recalibration between liberalisation and regulatory

autonomy, as well as to the contrast between the DEA model and ongoing negotiations on electronic commerce within the WTO. While recognising DEAs as flexible and technologically responsive instruments that may chart a path toward ‘Digital trade law 4.0,’ the article offers a measured assessment of their real-world impact and their implications for fragmentation in global digital governance. The editorial team for this article Manvi Goyal, Divya Chidambaram, and Vagish Kotecha.

Next, we move to Frederick M. Abbott’s Note which offers a forward-looking reflection on the fate of intellectual property norms in an era of institutional uncertainty. At a time when the authority of the WTO faces sustained strain, Abbott argues that the normative legacy of the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement may prove more enduring than the institutional framework that gave it life. Tracing the Agreement’s evolution and its deep entrenchment in domestic legal systems, preferential trade arrangements, and global commercial practice, he contends that TRIPS has effectively assumed the status of a transnational “common law” of intellectual property — a modern *lex mercatoria* that continues to structure expectations and obligations beyond formal dispute settlement. In foregrounding the resilience of norms amidst institutional fragility, the Note makes a significant contribution to contemporary debates on the reconfiguration of international economic governance. The editorial team for this article consisted of Ansh Sethi, Annette Sarah Abraham, and Samridhi Babbar.

The issue concludes with a reflective and deeply personal Note by Michael Trebilcock, who revisits the enduring tension between high-level economic theory and the lived realities of policymaking in developing countries. Drawing on his early professional experiences in Papua New Guinea and his intellectual formation at the University of Chicago, Trebilcock interrogates the gap between abstract models of efficiency and the institutional, cultural, and political constraints that shape reform on the ground. Through a series of candid lessons for scholars, policymakers, and lawyers, he challenges universalist theories of development and calls for greater humility, contextual sensitivity, and pragmatism in trade and development discourse. At a moment when global economic governance is again at a crossroads, this Note serves as a powerful reminder that credible reform must reckon not only with doctrine, but with lived institutional realities. This piece was edited by Manvi Goyal, Ruth Sarah Abraham, and Pari Gupta.

### III. ACKNOWLEDGEMENTS

The Journal has been privileged to receive support from several quarters. We sincerely express our gratitude to our Patron, Prof. (Dr.) Harpreet Kaur, Honourable Vice Chancellor of National Law University, Jodhpur, for her steadfast encouragement and guidance. We also extend our appreciation to the Registrar for

ensuring that all administrative approvals concerning the Journal are handled promptly and efficiently.

We are deeply grateful to the Head Librarian, Mr. Vinod D., for his invaluable support in managing our subscriber database and maintaining the accountability of our subscriptions.

Our heartfelt thanks are due to Dr. Bipin Kumar, Faculty-in-Charge of the Journal, whose unwavering commitment and strength have been instrumental to its continued success. He has consistently ensured that the Journal receives the necessary financial and administrative backing to function effectively.

We are equally indebted to our Consulting Editors for their steadfast support and wise counsel in navigating the many challenges of journal management. Their insights and recommendations have greatly enriched our work. Finally, we extend our sincere thanks to the members of the Editorial Board, whose dedication and tireless efforts have made the publication of this issue possible.

#### IV. CONCLUSION

As this issue goes to press, the trajectory of global trade remains uncertain yet undeniably consequential. The currents of protectionism, realignment, and regulatory innovation examined in the foregoing pages are not transient disruptions, but signals of a structural transition in the international economic order. Whether this transition yields deeper fragmentation or a recalibrated form of interdependence will depend on the choices made by states, institutions, and market actors in the years ahead.

Through this volume, we seek not to predict a singular outcome, but to foster informed engagement with the forces reshaping global commerce. The scholarship presented here underscores that trade law and policy do not operate in isolation; they are embedded within broader geopolitical, developmental, and technological contexts. By situating contemporary tariff regimes and integration efforts within this larger framework, the contributions to this issue illuminate both the risks of division and the possibilities of renewal.

We conclude, therefore, with cautious optimism. While the challenges confronting the multilateral trading system are formidable, history demonstrates that global trade has continually adapted to moments of upheaval. It is our hope that the insights gathered in this issue will contribute, in however modest a measure, to thoughtful dialogue and principled policymaking in this evolving landscape.