



ГЛОБАЛИЗАЦИЯ И ЭКОНОМИЧЕСКАЯ ИНТЕГРАЦИЯ

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Contemporary trends of globalization and deglobalization

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Abstract. Globalization is a phenomenon that in the modern world has an increasingly contradictory connotation. If in the middle of the last century most countries in the world were striving for greater openness of their economies, over the last decade there are trends of deglobalization, in order to preserve sovereignty or to protect national economic and political interests. The process of economic globalization is being strengthened through the role of international economic organizations, the conclusion of regional trade agreements, participation in economic blocs and the entry of influential big brands into new markets. The study aims to summarize the prerequisites for strengthening economic globalization, why deglobalization processes occur and what are the consequences for the world economy. The study will focus on economic globalization and will cover some more distinctive contemporary examples of economic deglobalization and their effects. The analysis shows that protectionism in major economies could lead to partial market deglobalization mostly in the protected sectors and it is a prerequisite for economic shocks that lead to a deterioration in the basic indicators of the countries. Economic disintegration may lead to trade shifts and temporarily affect the country's economy, but it does not deglobalize the national market. The challenges of the study is the simultaneous analysis of globalization and deglobalization, which adds significant complexity to the research. Moreover, the study explores many current economic issues, some of which are still evolving, such as the complex trade relations between the United States and China since the beginning of 2025.

Keywords: regional trade agreements, RTA, international trade, disintegration, protectionism

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Современные тенденции глобализации и деглобализации

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Аннотация. Глобализация — это феномен, который в современном мире приобретает все более противоречивую коннотацию. Если в середине XX в. большинство стран стремились к открытости своих экономик, то в предпоследнее десятилетие наблюдаются тенденции деглобализации, направленные на сохранение суверенитета или защиту национальных экономических и политических интересов. При этом процесс экономической глобализации усиливается за счет роли международных экономических организаций, заключения региональных торговых соглашений, участия в экономических блоках и выхода влиятельных крупных брендов на новые рынки. Цель исследования — обобщить предпосылки усиления экономической глобализации, причины возникновения процессов деглобализации и их последствия для мировой экономики. Рассмотрена экономическая глобализация, а также приведены отличительные актуальные примеры экономической деглобализации и их влияние. Анализ показал, что протекционизм в крупных экономиках может привести к частичной деглобализации рынков, преимущественно в защищаемых секторах, и является предпосылкой экономических потрясений, вызывающих ухудшение основных показателей стран. Экономическая дезинтеграция может привести к перераспределению торговли и временно повлиять на экономику страны, однако она не приводит к деглобализации национального рынка. Одновременный анализ процессов глобализации и деглобализации существенно усложняет, но и обогащает, повышает значимость исследования.

Ключевые слова: региональные торговые соглашения, РТС, международная торговля, дезинтеграция, протекционизм

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Introduction

The processes of globalization and deglobalization are of great importance in 21st century, due to the strong interconnectedness between countries worldwide. Telecommunications and the free movement of people are conditions for intensifying globalization among nations. At the heart of economic globalization is international trade and the establishment of a business presence in a foreign markets. Although there are different types of globalization, economic globalization is among the most significant, serving as a prerequisite for the deepening of other types.

Beyond its economic functions, international trade is among the key drivers of economic globalization, as it facilitates the exchange of goods across borders and through this process enables societies to gradually adopt foreign cultures and traditions. At the same time, last years more and more countries are pursuing protectionist policies with the idea of protecting their local production and economy. Among the main questions facing scientists is to what extent protectionist policy is appropriate to the contemporary global economic system and to what extent it should be implemented to achieve the expected result. In general, the effects of protectionist policies are debatable.

After World War II, the world made efforts to overcome the consequences of the war by creating economic organizations to support liberalization. In the field of regulating international trade, GATT'47 (later WTO). WTO has managed to significantly reduce tariffs on goods among the member countries and has introduced regulatory frameworks for services (GATS). In order to avoid repeated global economic crises and to support the economic development of countries after 1945, the IMF and the World Bank were created, respectively. Since 1961 the OECD has played a key role in analyzing and coordinating the economic policies of developed countries.

In parallel with the creation of significant global organizations, the economic globalization of the world has been strengthening across all continents through international agreements such as MERCOSUR, BRICS, NAFTA (now USMCA), EU, ASEAN and etc. (Estevadeordal, Freund, Ornelas, 2008). These agreements have achieved different levels of economic and political integration, but all of them contribute the globalization of the world economy in their own distinct ways.

Despite the integration worldwide there have been processes of countries exiting large economic unions and making deglobalization an increasingly relevant topic for research. It is important to note that deglobalization processes are often sporadic and fragmented. In practice, they are a reaction and a form of dissent by individual states in response to specific global policies. At a national level, deglobalization tools are primarily associated with disintegration processes, particularly through exiting from economic unions, as it happened with Brexit in 2020. Deglobalization is also associated with the relocation of production (reshoring and nearshoring) to the territory of the home country or countries close to the national economy (Yücesan, 2025). As part of Donald Trump's policy during his first and current term, is the idea of reshoring

production to the U.S., in order to improve the economy and reduce the country's negative trade balance.

In general, protectionist policies pursued by countries are considered a milder form of deglobalization (Zahoor et al., 2023) than leaving an economic union or ending a commercial presence in a foreign market. Despite this both protectionism and economic disintegration tend to cause a decline in key economic indicators for affected countries, often resulting in prolonged periods before recovery is achieved (Baldwin, Evenett, 2020). However, disintegration usually entails negative effects for countries, businesses and consumers globally.

The main objective of the study is to examine economic globalization as a process and to analyze empirically significant global fragmented processes of deglobalization for the period 2020–2025. Such notable examples are Brexit, as well as the trade relations between the USA and China in the first half of 2025. These processes are the subject of analysis, since their effects have an economic impact at a global level.

Literature review

Various references are used to achieve the objectives of the study. The literature review includes several types of sources. The first are **scientific works by contemporary authors** from different countries who study the genesis and development of globalization.

For the practical analysis, which is based on secondary statistical data, information from **reliable state and global institutions** is used, such as: World Trade Organization, World Bank, European Commission, Office for National Statistics of U.K., House of Commons Library (based in the U.K. Parliament), U.S. Census Bureau, U.S. Bureau of Economic Analysis, U.S. International Trade in Goods and Services, National Bureau of Statistics of China, etc.

Internet sources of information on the topic are from the official websites of The White House, the European Parliament and the U.K. Government. Another internet sources used are the specialized professional publication platform China Briefing, the online version of The Washington Post, etc.

Methodology

The study examines the different forms of globalization, with an emphasis on economic globalization. The focus is on international trade, and the analysis does not include international movement of capital and labor mobility in depth. For the **theoretical part**, a brief overview of key authors who research economic globalization is made. The **practical part** explores the significance of international trade for the development of economic globalization. The methodology is based on the case study approach and includes an analysis of contemporary international cases that are important for global economy of 21st century. The economic research on the effects of deglobalization is based on secondary quantitative data collected from reliable

data sources. **Comparative trend analysis** is used in the presentation of general globalization trends and the development of RTAs. This method is also used for the study of the Brexit (supplement with process-tracing element) and in the USA-China case (including descriptive statistics). **Descriptive statistics method** is used in the analyses of world merchandise trade and **descriptive analysis** in EU expansion to third countries case.

The analysis in the study is carried out by defining 5 tasks. The *first* involves terminological definition of the concepts of globalization and deglobalization, as well as an overview of the basic theories and an examination of significance of economic globalization in contrast to other types of globalization. *Second*, a review of global trends in world trade since the establishment of WTO is made. *Third*, the research represents the EU's trade policy in terms of regional trade agreements, which are currently in focus. Although the EU is the world's most advanced economic union, marked by deep internal integration, it remains a leading actor in promoting RTAs to expand foreign trade partnerships beyond the internal market of the union. Despite the EU's serious integration, it is seeking trade partners with third countries. The *fourth* task is related to the impact of disintegration, using Brexit as an unprecedented case within the most integrated economic union in the world. Brexit is a significant example because for the first time a member state is leaving the EU. *Fifth*, an analysis of the consequences of the U.S. protectionist policy since the beginning of 2025 is made. Protectionism can be considered as a precondition for the deglobalization of markets and potential world trade war, therefore the U.S. case is the subject of analysis, as it affects the whole global economic system. Currently, the effects of Trump's trade policy remain contradictory and subject to ongoing debate. Examining current economic data for the world's two largest economies, the United States and China, is an important part of forecasting the future of economic globalization, because it could possible leads to reduced global trade volumes, investments and commodity demand.

Due to the enormous complexity of the topic, the article adopted following **limitations**: practical analysis focuses only on more significant cases in the global economy: EU and Brexit, as well as trade relations between the U.S. and China. The study faces several constraints like: limited generalizability of case study findings, potential challenges related to data comparability and availability; also the very short timeframe for assessing the impacts of U.S. policy (limited to Q1 2025).

Theoretical framework of globalization and deglobalization

There is no universally accepted definition of **globalization**, as it is a complex process that develops and covers different levels — political, economic, cultural and social. For this reason, each type of globalization can be defined separately, covering different aspects of the globalizing processes.

Since the focus of the article is on **economic globalization**, in a narrow sense it refers to the economic interconnectedness between countries based on international

trade in goods and services, free movement of people and capital, led by the removal of barriers. All of these are facilitated by the spread of technology, as well as institutional and political support (Stiglitz, 2002). In short, economic globalization concerns the intensification of all aspects of the world economy, such as trade, foreign direct investment, currency relations between countries and labor migration.

In general, **deglobalization** can be described as reverse process of globalization. Deglobalization refers to a partial disintegration which leads to slowdown in trade, redistribution of labor and financial resources. It is usually connected with an increase in protectionist policies. Deglobalization reduces connectivity between countries and results in localization of economic activities (Baldwin, 2019).

There are different theories related to globalization. **Neoliberal perspective** presents globalization as a process driven by free markets without regulations and minimal government intervention. According to neoliberals, it is a form of increasing economic development, efficient allocation of resources, and integration of markets globally (Harvey, 2005). While neoliberalism sees globalization mostly as a positive phenomenon, **Transformationalist theory** believes that the results of globalization cannot be predicted due to the complexity of the processes involved. In transformationalist theory, governments and societies play a crucial role in shaping the course of globalization (Held et al., 1999). According to the **Skeptical Perspective**, globalization is not a new phenomenon but simply has an increased intensity in contemporary times of advanced economic integration. It also holds that the world economy is rather regionalized, and state control is significant.

Globalization has its critics, among the main ones being **Dani Rodrik** who is not a supporter of deglobalization, but he criticizes the idea of *hyperglobalization*. Rodrik introduces the term “the globalization trilemma”, considering its components (deep economic integration/globalization, national sovereignty and democratic politics) to be simultaneously incompatible. A country can achieve at most two of these three elements, otherwise it leads to tension amid globalization (Rodrik, 2011).

Baldwin is not an absolute supporter of deglobalization, but rather of the concept of “*slowbalization*”, describing it as the slowing down of globalization, especially in terms of trade in goods. This is a result of technological developments that have enabled trade in services to grow significantly in comparison with trade in goods (Baldwin, 2019; Danov, 2006). Technological advancements have led to a new phase of globalization, marked by fragmented production and the expansion of global value chains where the digital trade and services trade gain increased significance (Baldwin, 2016).

Michael Witt examines deglobalization through the perspective of political decisions affecting international business. He believes that political forces, rather than economic factors, will increasingly influence the process of globalization. He believes that globalization will develop unevenly and deglobalization processes will have growing role for international business. Witt presents liberalism and realism in the context of deglobalization and predicts two scenarios under current conditions: a fragmented world economy with ongoing cooperation or rivalry between large economic blocs centered around the great powers (Witt, 2019).

As a conclusion to the terminological overview, it is important to note that globalization is a long-term course of integration which facilitates relations between countries, whereas deglobalization is often a reactive and fragmented process, arising as a response to globalization, with manifestations of slowing down or retreating from it. In short, deglobalization is a process that leads to a decrease in economic integration, a decline in trade, investment and international cooperation while slowbalization is gradual slowdown in the pace of globalization. Regionalization also differs from globalization in that economic blocs/unions are formed based on geographical proximity and/or similar interests.

In summary, the theoretical gradation goes through the following development: during the 1970s and 1980s, neoliberal theory became mainstream. In the 1990s the Skeptical Perspective emerged as a critical alternative to neoliberalism. After 2000, the Transformationalist Perspective gained strength as an alternative of the previous theories. Globalization and deglobalization are complex processes that are difficult to analyze individually. The situation becomes even more complicated when an attempt is made to study both processes simultaneously. Furthermore, it should be considered that there is a gap in literature concerning the use of recent data for contemporary case studies.

Significance of contemporary Globalization

Although globalization has great significance for the contemporary times and is usually used as a modern notion, it is a phenomenon that, according to some authors, dates back to ancient times (Liu, 2024). Most scientific works define two main time periods that are considered as the beginning of economic globalization — the end of the 19th century and the period after World War II. According to some authors, the period from 1870 to 1914 is defined as the “**First Globalization**” (Faubert, 2012). This period is followed by the “**Second Globalization**”, which began after the World War II. According to some scientists, the “Second Globalization” has not yet ended (Bordo, 2017).

Modern globalization is a consequence of early processes that have evolved over centuries and today it a complex interrelationships system that affect political, economic, social and cultural spheres to varying degrees.

Figure 1 which is based on Sapkota’s research from 2011 shows the general global trends of globalization in various spheres of society for the period 1970–2007. Several main phenomena are noticeable. The trend of overall globalization during the Third Industrial Revolution clearly and categorically increases, especially in the period 1970–2010. Economic globalization is the most prominent developed form, since international economic relations are the fundament for accelerating globalization. The situation is not the same with political and social globalization. The major fluctuations in the sphere of political globalization are obvious. Despite an overall upward trend, there are noticeable deviations throughout the period analyzed. Although with a positive sign, the trend of social globalization is also hesitant. It is a derivative of political and social change, respectively

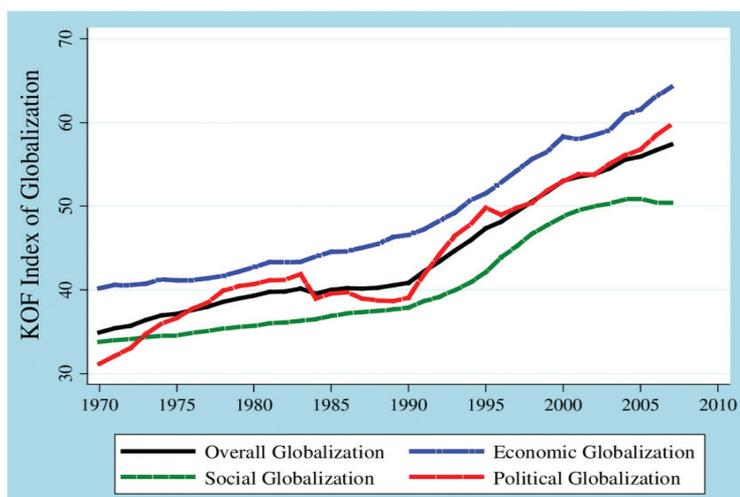


Figure 1. World trend of overall globalization and its sub-indices (1970–2007)

Source: (Sapkota, 2011).

Usually, economic ties tend to strengthen rapidly due to the stronger influence of market forces and profit-driven business incentives. These processes lead to serious inter-economic dependence of countries over the last half century, where a positive trend in trade openness is seen worldwide, with logical declines during times of crisis¹. Overall, the graph indicates the importance of economic globalization as an essential condition for the world globalization.

Economic globalization primarily takes place through various forms of international economic relations, where a fundamental form is **international trade**. Its significance is important because usually the interest to trade with another country is mandatory for economic relations to get deeper. This purpose is often achieved through trade agreements and the formation of economic blocs/unions.

The liberalization of international trade with its markets' openness over the past century has brought significant benefits for the global economy (Frankel, Romer, 1999; Autor et al., 2020). The value of world trade rose by 4% in the last quarter of 2024 which is the clear tendency on an annual basis from Figure 2.

However, it is important to note that for the same period in Q4 2024, international trade volumes decreased, albeit by a small 0.2%. This is an indicator of price increase of exported goods globally. The most serious rise in the prices of non-fuel commodities for the analyzed Q4 is 2.8%. The prices of fuels decreased by 1.2%, and manufacturing production by 0.5% compared to Q3 of 2024. The decrease in the real volumes of merchandise trade at the expense of an increase in its value is an indicator of price inflation, as a response to higher demand and/or limited production capacity. It is noticeable that in Q4 2024 there is a reversal of the trend in Europe, North and South America become net importer, in contrast with the positive export trend in Asia. This trade shift is driven by the increased world demand and competitive prices of Asian goods.

¹ World Bank. (2025). *Trade (% of GDP)*. *World Development Indicators*. Retrieved July 4, 2025, from <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS>

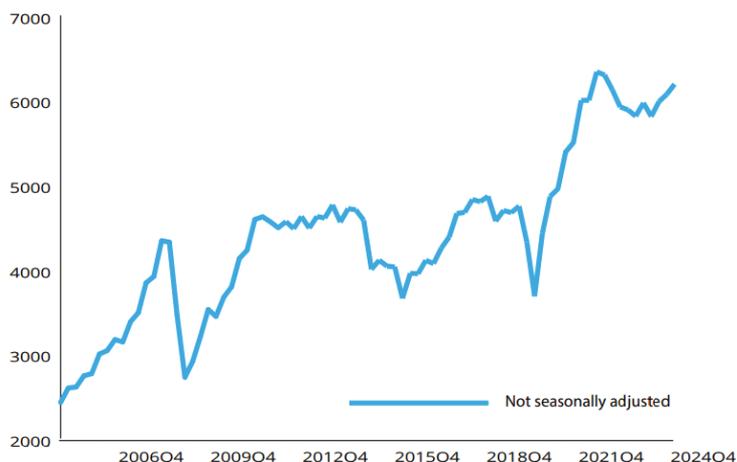


Figure 2. World merchandise trade, billions USD

Source: World Trade Organization².

Despite fluctuations in the dynamics of international trade caused by various crises and political global upheavals, over the last 30 years since the establishment of the WTO and its efforts for lowering the tariffs globally, there has been a clear overall trend of an increase in international trade volumes by an average of 5% up to 2024³. Therefore, international trade can be defined as a significant generator of economic globalization (Friedman, 2005; Gereffi, Fernandez-Stark, 2016).

Regionalization as a prerequisite for globalization

On one hand, regionalization is a process that can be defined as one of the drivers of contemporary globalization and leads to economic *regionalism* as a phenomenon (Hettne, Inotai, Sunkel, 1999) Concluding RTAs and formatting economic blocs/unions is in the heart of regionalism. On the other hand, *regionalization* may appear as a response to the inability of countries to cope with the challenges of globalization. This leads to economic fragmentation due to multilateral difficulties and strategic localization aiming economic security.

A large part of international trade and globalization of the world markets is based on regionalization and signing trade agreements between individual countries. More than half of world trade is carried out through RTAs. Some of them are concluded not only because of similar views and economic interests, but also on a local basis, due to geographical proximity (for example, the EU, MERCOSUR, NAFTA, etc.). Regional trade agreements, concluded on the basis of geographical proximity, are called “**traditional regionalism**”, because at the beginning of the emergence of regionalism as a contemporary process, geographical location, along with similar interests, served as a basis for creation of economic blocs/unions.

³ WTO. *Evolution of trade under the WTO: handy statistics*. Retrieved July 4, 2025, from https://www.wto.org/english/res_e/statis_e/trade_evolution_e/evolution_trade_wto_e.htm

In the 21st century, a new trend which does not take geographical proximity into account in the context of creating economic alliances emerged. The so-called “**new regionalism**” is related to signing of economic agreements between countries with similar interests, but on different continents, such as BRICS (Hettne, Söderbaum, 2000). The WTO allows member countries to participate in RTAs, so it leads to strengthening of global trade connections. According to WTO data, the number of regional trade agreements has increased dramatically since 1990 (Zhelev, 2018). Despite the downward trend in 2018, after the Covid crisis in 2021 there is a boom in the active RTAs. Their number is 608, which is an absolute record in the world history⁴.

Over the past two decades there are periods of interesting dynamics of the cumulative number of RTAs. As Figure 3 shows at the beginning of the century, an increasing trend of newly signed agreements emerged. A few years before the great financial crisis of 2007, a significant number of trade agreements are notified as inactive. Since the start of the global financial crisis, there is an increase in the number of new RTAs. Despite the much lower number of notified inactive trade agreements before 2020, a clear rising tendency in the number of newly signed trade agreements is notable after the onset of the Covid crisis. The presented data reveals a cyclical pattern in the conclusion of new RTAs, which economies tend to adopt during times of crisis to cope with global economic challenges.

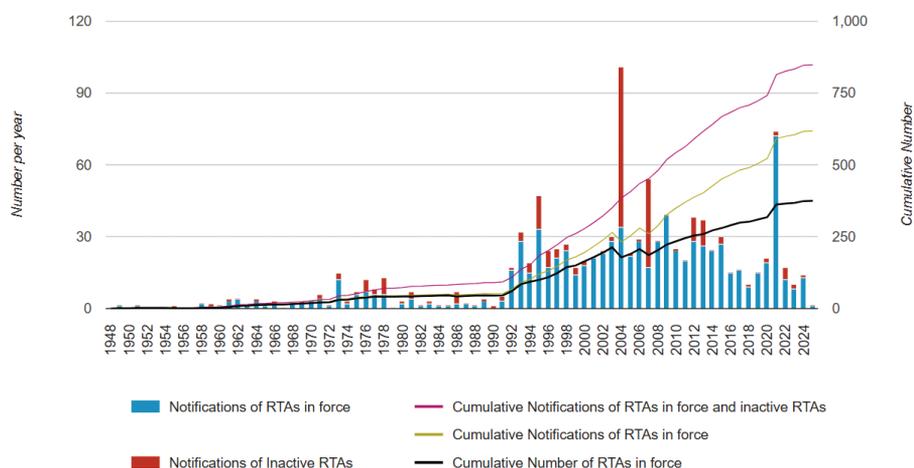


Figure 3. RTAs in force and inactive, 1948–2025

Source: World Trade Organization⁵.

The EU is an example of an economic union that seeks alternative partnerships in order to expand foreign markets through RTAs outside the union. This type of regional trade agreement strengthens globalization processes, although it is a lower form of economic integration than the creation of an economic unions (Zhelev, 2015). There are currently several agreements that are in the focus of the EU.

⁴ WTO. *Regional trade agreements*. Retrieved July 4, 2025, from https://www.wto.org/english/tratop_e/region_e/region_e.htm

Although the European Union is the largest economic union (Börzel, Risse, 2018), Table represents the EU's efforts to seriously diversify its trade partnerships, not focusing on just one region in the world, but on the contrary — to expand different continents. Over the past 15 years, the EU has focused on markets in Asia, Africa, North and South America, for various reasons — search for new potential markets; access to resources and goods which are not available in EU; geopolitical interests; economic differentiation from Russia.

EU negotiations and agreements in focus

Trade agreement	Pending	In force
EU-Chile agreement	Signed Dec 2023 Provisional application expected 2025	
EU-India agreement	Negotiations restarted in 2022 Ongoing	
EU-Indonesia agreement	Negotiations ongoing since 2016	
EU-Mercosur agreement	Political agreement reached 2019 Pending ratification	
EU-Mexico agreement	Modernized agreement reached 2020 Not yet ratified	
EU-Philippines agreement	Negotiations ongoing since 2015	
EU-Singapore agreements		Since Nov 2019
EU-South Korea agreements		Since July 2011
EU-Kenya agreement		Since July 2024*

Note. *The status of EU-Kenya agreement may change depending on actual implementation updates in the next years.
Source: European Commission⁶.

Contemporary cases of disintegration and its relationship with deglobalization

Disintegration can be defined as a form of deglobalization that does not necessarily mean the closure of the economy. The most unprecedented example from the last 5 years is the United Kingdom's exit from the EU. Despite the decision to reduce its integration into the European Union, the U.K. did not limit its opportunities for trade with the European market. The Brexit decision is more related to preserving its sovereignty and political independence. However, the EU and the U.K. have taken advantage of trading opportunities by creating a new framework — the Trade and Cooperation Agreement (TCA) in 2020, which entered into force in May 2021⁷.

⁶ European Commission. (2025). *Negotiations and agreements — in focus*. Retrieved July 4, 2025, from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements_en

⁷ European Commission. (2021). *The EU-UK Trade and Cooperation Agreement*. Retrieved July 4, 2025, from https://commission.europa.eu/strategy-and-policy/reasons-united-kingdom/eu-uk-trade-and-cooperation-agreement_en

Despite all, there are trade effects after leaving the EU. The United Kingdom reported a sharp decline in **trade with the EU countries** after Brexit, but a much smaller reduction in trade from the EU to U.K. (Kren, Lawless, 2024). What the data from Figure 4 represents is that the United Kingdom has a persistently pronounced trend of trade deficit with EU countries and absolute contrast in the trade trend with non-EU countries. Between 2010 to 2019 the U.K. consistently imports more commodities from EU countries than it exports to them. This pattern is offset partially by the trade surplus in the services sector. In the pre-Brexit period (2019–2020) U.K. reports a decrease in imports from EU countries. This slump in imports from European countries one year before Brexit is due to uncertainty what is going to happen and as a logical consequence, this disrupted trade relationships. Following Brexit, which coincided with the onset of Covid pandemic, imports from European countries increased since 2020. Despite some fluctuations, the U.K.’s trade deficit trend has been intensifying following Brexit.

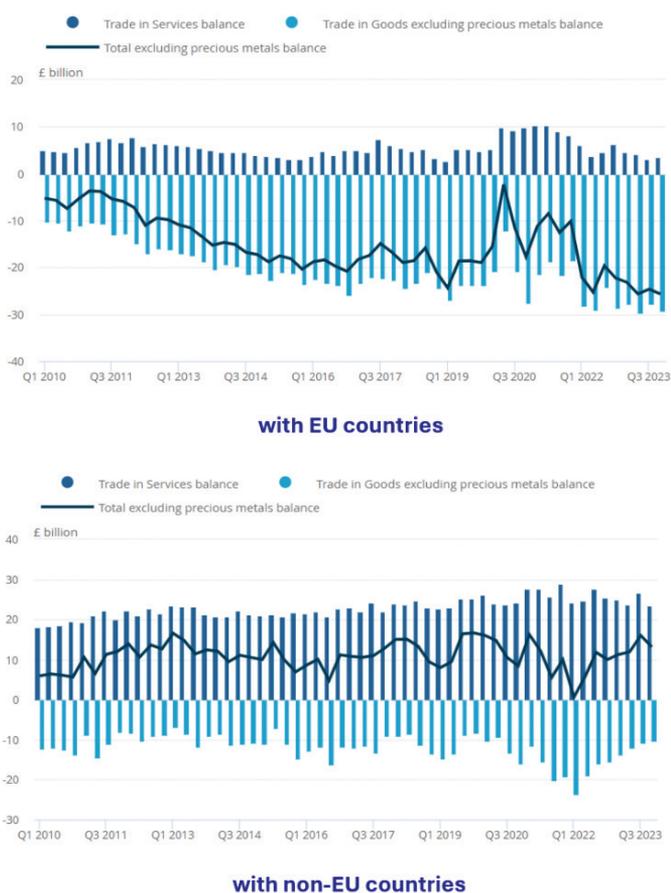


Figure 4. U.K. trade balances with EU countries and with non-EU countries, chained volume measures, seasonally adjusted, Quarter 1 (Jan to Mar) 2010 to Quarter 4 (Oct to Dec) 2023, £ billion

Source: Office for National Statistics of U.K.⁸

In contrast, trade relations with **non-European countries** seems to be much more favorable and the country reports a surplus. Generally, trade in services

is responsible for the positive trade balance, offsetting negative levels of goods exports. In terms of commodity trade, U.K. imports more from non-European countries than it exports. Despite all this, the overall trend of exports to non-European countries for the period 2010–2023 is positive.

The British trade structure remains almost the same after 2020, with even higher commodity import from both EU and non-EU countries in the post-Brexit period. Meanwhile, exports of services to both EU and non-EU countries remains relatively stable overall. These conclusions are based on excluding precious metals because the price movements of a significant component, such as non-monetary gold, can be large and highly volatile, which could distort the statistical trend.

In general, the U.K.'s trade balance traditionally shows a negative net balance in goods and a positive net balance in services. This trend has continued even after Brexit and is logical, as the service sector is of enormous importance to the British economy. As of December 2024, people employed in the sector are nearly 83% and services generate 81% of gross value added of U.K.⁹

Beyond the trade effects, Brexit also brings some restrictions that affect bilateral relations with the EU. While some relate to trade restrictions, others concern the free movement of people. Under the terms of TCA, Customs Declarations and rules of origin are required. Customs Declarations and Border Checks can lead to potential delays in trade in goods. At the same time, to benefit from zero tariffs under the TCA, goods must meet complex rules of origin. In some cases, this documentation is so burdensome that business prefer to pay tariffs rather than comply with complex rules of origin (Lydgate et al., 2021).

After Brexit, EU citizens no longer have the automatic right to live or work in the United Kingdom. For short-term visits of up to six months, EU citizens can enter the U.K. without a visa for purposes such as tourism or limited business activities. However, to live, work, or study in the U.K., they must obtain visa under the British immigration rules¹⁰.

EU tourists represent the largest share of inbound visitors to the U.K., making approximately three times more than the visits from other regions. Based on data from the Office for National Statistics, in 2020 there was a sharp decline in all inbound visits. This trend was due to not only Brexit, but also to Covid measures. With the gradual lifting of restrictions by 2022 and, although some fluctuations, by Q2 2024, tourism in the U.K. is recovering to its previous levels¹¹. Starting in 2019, the number

⁹ House of Commons Library. (2018). *UK trade in 2017*. Retrieved July 4, 2025, from <https://commonslibrary.parliament.uk/uk-trade-in-2017/#:~:text=In%202017%2C%20the%20UK%20exported,to%20GDP%20ratio%20since%20201> House of Commons Library. (2025). *Service industries: Economic indicators*. Retrieved July 4, 2025, from <https://commonslibrary.parliament.uk/research-briefings/sn02786/#:~:text=The%20service%20industries%20include%20the,in%20October%20to%20December%202024> House of Commons Library. (2025). *Trade in goods and services: Economic indicators*. Retrieved July 4, 2025, from <https://commonslibrary.parliament.uk/research-briefings/sn02815/>

¹⁰ U.K. Government. (2024). *Visit the UK as a Standard Visitor*. Retrieved July 4, 2025, from <https://www.gov.uk/standard-visitor>

¹¹ South West Londoner. (2025). *Inbound tourism on the rise despite Brexit threats*. Retrieved

of EU workers in the U.K. began to decline. This drop became more pronounced in 2020, with a sharp decrease in employed EU nationals. Although some recovery is noticed afterward, the overall number of EU workers remains significantly lower than before. Meanwhile, the number of non-EU nationals increased approximately 4 times by 2023 compared to the transition period¹². The British economy is currently in a phase of recovery¹³.

After Brexit U.K. finds trade alternatives to the EU through Australia, Mexico, Asian countries, etc. by signing different trade agreements¹⁴. It is no coincidence the Global Britain initiative is created with the aim of U.K. remaining on the international trade stage, where it can declare its independence from the EU even after 2020. This is a post-Brexit strategy to strengthen the country's role as an independent and global trade player. In conclusion, United Kingdom is not a deglobalizing market after Brexit, but is a state with a changed foreign trade orientation.

Protectionist policy as a reason for economic deglobalization

A contemporary example of an aggressive protectionist policy is the American policy that began with President Trump's second term. Among the most important economic situations in the world in the first half of 2025 is the imposition of tariffs by the United States on various countries in order to stimulate and protect local production.

Following President Trump's re-election and inauguration, the import tariffs were adjusted upwards. Numerous adjustments in the levels of customs duties followed for the period February — April 2024. The tariff changes begin in early February with an increase in tariff rate on China by 10% and by 25% for Mexico and Canada¹⁵. In the beginning of April 2025 U.S. imposes to EU a base tariff of 10% on all imports and a 20% tariff on most products, in addition to the previously reinstated 25% tariffs on steel and aluminum, implemented in March

July 4, 2025, from <https://www.swlondoner.co.uk/life/15052025-inbound-tourism-on-the-rise-despite-brexit-threats>

¹² U.K. Government. (2024). *UK payrolled employments by nationality, region, industry, age and sex, from July 2014 to December 2023*. Retrieved July 4, 2025, from <https://www.gov.uk/government/statistics/uk-payrolled-employments-by-nationality-region-and-industry/uk-payrolled-employments-by-nationality-region-industry-age-and-sex-from-july-2014-to-december-2023>

¹³ (2025). *Staff concluding statement of the 2025 Article IV mission to the United Kingdom*. Retrieved July 4, 2025, from <https://www.imf.org/en/News/Articles/2025/05/27/cs-uk-aiv-2025>

¹⁴ U.K. Government. (2025). *The UK's trade agreements*. Retrieved July 4, 2025, from <https://www.gov.uk/government/collections/the-uks-trade-agreements>

¹⁵ The White House. (2025). *Fact Sheet: President Donald J. Trump Imposes Tariffs on Imports from Canada, Mexico and China*. Retrieved July 4, 2025, from <https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-imposes-tariffs-on-imports-from-canada-mexico-and-china/>

2025.¹⁶ Among the most significant increases in U.S. tariffs are those on China — by as much as 145% on 9th April 2025¹⁷.

The U.S. aims to stimulate economic development through its protectionist policy. In theory, protectionism could give positive effect when it is moderate and focused on certain sectors of the economy which need government stimulus and are important for the country. The trade policy the U.S. is pursuing in 2025 has led to countermeasures from the side of EU, China and other countries. Continued tariff increases by the world's major economies risk triggering a global trade war. The policies during Trump's second term can be defined more as aggressive protectionism.

Figure 5 illustrates the trend in the trade balance of USA for the last 3 years. The country's trade deficit increased significantly compared to the same period in 2023 and 2024. Since October 2024 the trade deficit started to increase and reached very high levels during Q1 2025. The US trade deficit from March 2023 to March 2025 is rising more than 2 times. The data from the graph shows continuing upward trend in the trade deficit after the election of President Trump and seriously intensified after the announcement of the U.S.'s intentions for higher tariffs and their actual implementation in practice

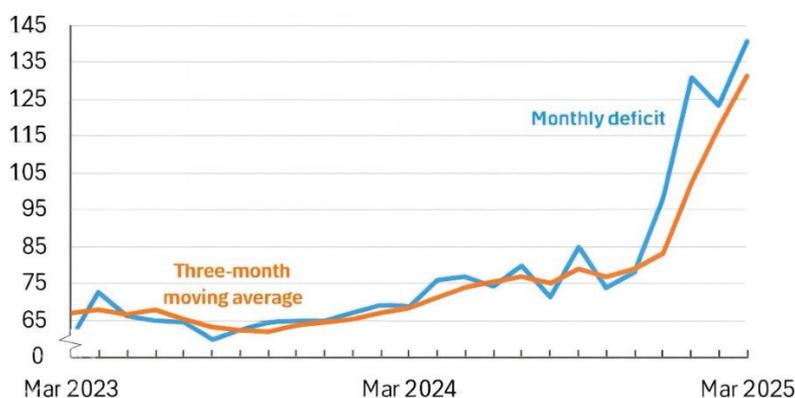


Figure 5. Goods and Services Trade Deficit of USA in billion USD for March 2025 (Seasonally adjusted)

Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis; U.S. International Trade in Goods and Services¹⁸.

According to data announced by U.S. Census Bureau, U.S. Bureau of Economic Analysis; U.S. International Trade in Goods and Services from 6th May, in March 2025 the trade deficit in goods and services increased by \$17.3 billion, which represents 14% compared to February 2025.

As shown in Figure 6 the American economy is lagging behind according to preliminary data from 2025. During the period Q1 — Q4 of 2024, the U.S. economy records slight growth, which varied in the range of about 1.6–3.1% on a quarterly basis.

¹⁶ European Parliament. (2025). *US tariffs: economic, financial and monetary repercussions*. Retrieved July 4, 2025, from [https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/764382/ECTI_IDA\(2025\)764382_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/764382/ECTI_IDA(2025)764382_EN.pdf)

¹⁷ China Briefing. (2025). *Trump Raises Tariffs on China to 145% — Overview and Trade Implications*. Retrieved July 4, 2025, from <https://www.china-briefing.com/news/trump-raises-tariffs-on-china-to-125-overview-and-trade-implications/>

In the first quarter of 2025, America's GDP records a slowdown of -0.3% . During Q4 2024, the national economy of the United States expanded by 2.4% ¹⁹.

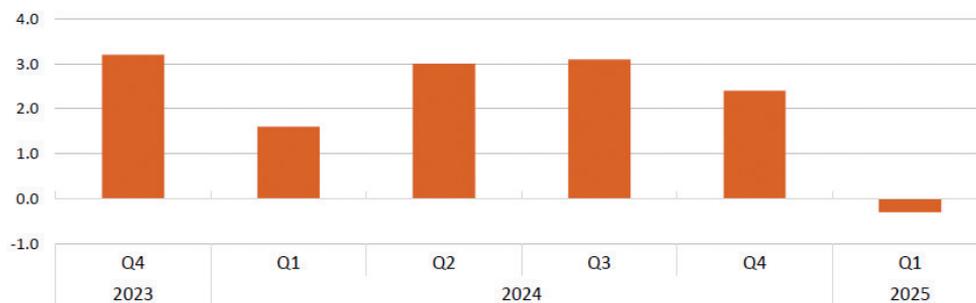


Figure 6. Real GDP of USA — Q1 2025 — Percent change, Seasonally adjusted annual rates (Advance Estimate)
Source: U.S. Bureau of Economic Analysis²⁰.

Among the protected economic sectors in the USA are *agriculture, manufacturing, technology and telecommunications, energy, defense and aerospace*²¹. In 2025 the protectionist measures are focused on industries such as steel, aluminum, and textiles. The result is higher output and modest employment gains²². However, these benefits are offset by increase in production costs and consumer prices in sectors like automobiles, electronics and household goods²³. Due to the imposed tariffs by major trade partners export-oriented industries, notably agriculture and high-technology manufacturing, experienced significant declines, which resulted in reduced export volumes and job losses²⁴. The trade tensions contributed to slower GDP growth, increased inflation and higher economic uncertainty, causing decline in both investment and consumer confidence²⁵.

It is noticeable that some of the main projected sectors in 2025 are experiencing a decline in trade volumes. In the agricultural sector the export of soybean and corn declined by up to 52% and 84%, respectively²⁶, steel and aluminum trade volumes

¹⁹ BEA. (2025). U.S. International Trade in Goods and Services. Retrieved March 6, 2025, from <https://www.bea.gov/news/2025/us-international-trade-goods-and-services-march-2025>

²¹ OECD. (2024). *OECD Economic Surveys: United States 2024*. Retrieved July 4, 2025, from <https://doi.org/10.1787/cdfff156-en>

²² OECD. (2025). *Global economic outlook shifts as trade policy uncertainty weakens growth [Press release]*. Retrieved July 4, 2025, from <https://www.oecd.org/en/about/news/press-releases/2025/06/global-economic-outlook-shifts-as-trade-policy-uncertainty-weakens-growth.html>

²³ JPMorgan Chase & Co. (2025). *US tariffs and economic outlook: Risks of slower growth and higher inflation*. Retrieved July 4, 2025, from <https://www.reuters.com/business/jpmorgan-sees-tariff-induced-us-stagflationary-slowdown-2025-2025-06-25/>

²⁴ Barron's. (2025). *CFOs expect higher prices and slower economy from tariffs, survey shows*. Retrieved July 4, 2025, from <https://www.barrons.com/articles/trump-tariffs-prices-inflation-economy-7042c23b>

²⁵ OECD. (2025). *OECD Economic Outlook, Volume 2025 Issue 1: Tackling Uncertainty, Reviving Growth*. Retrieved July 4, 2025, from <https://doi.org/10.1787/83363382-en>

²⁶ Pro Farmer Editors. (2025). *Significant potential impact of tariffs, trade retaliation on U.S. ag sector*. Retrieved July 4, 2025, from <https://www.agweb.com/markets/pro-farmer-analysis/significant-potential-impact-tariffs-trade-retaliation-u-s-ag-sector>

dropped 25–50%²⁷. The effect is lighter on the textile sector which experienced a 10–20% contraction in imports and exports²⁸ and the defense and aerospace industries where the export declines of 5–15% due to increased domestic sourcing and strategic export controls²⁹.

The negative economic trends in the U.S. are also influenced by other factors on the domestic market. On the one hand, despite low unemployment rate the US has a problem with qualified personnel with appropriate skills. This limits productivity and the implementation of innovations. On the other hand, one of Trump's leading ideas is to return high-tech production to the USA. Even if this hypothesis happens, the question arises of how businesses will be provided with qualified personnel³⁰. Over the past two years, due to high inflation, the US has pursued a restrictive monetary policy, leading to higher interest rates on loans. These measures to control inflation have impacted business activity and consumer spending, therefore it led to lower economic performance³¹.

The U.S. and China are major trading partners for decades, where China serving as a global manufacturing hub for American goods in order to optimize costs for American businesses. To a large extent, the negative trade balance of the U.S. is due to outsourced production abroad³². Trump's second term policy includes imposing import tariffs for foreign products as a strategic measure to encourage the reshoring of manufacturing to the United States, aiming to stimulate domestic production and reduce dependency on foreign supply chains.

Over the past 10 years, trade relations between China and the United States are complicated because the two countries are economically interdependent. On the one hand, China is among the largest trading partners of the United States, and on the other — USA is a key import market for Chinese goods. In terms of exchange rate it is important to note that the undervalued yuan makes Chinese commodities much more competitive on the global market than American ones due to their lower cost.

Over the last few months, against the backdrop of increased American imports and declining U.S. GDP growth rates China recorded higher-than-expected GDP

²⁷Boston Consulting Group. (2025). *June 2025 update: The impact of U.S. tariffs of 50% on steel and aluminum*. Retrieved July 4, 2025, from <https://www.bcg.com/publications/2025/june-2025-update-impact-us-tariffs-50-percent-on-steel-aluminum>

²⁸National Council of Textile Organizations. (n.d.). *Industry partners & resources: Government resources*. Retrieved July 4, 2025, from <http://ncto.org/industry-partners-resources/government-resources/>

²⁹U.S. Department of Commerce, International Trade Administration. (2025, June). *Aerospace & defense exporter alert, June 2025*. Retrieved July 4, 2025, from https://www.trade.gov/aerospace-defense-exporter-alert-jun-2025?utm_source.com

³⁰LaRocco, L.A. (2025). *Tariffs won't bring manufacturing back to US: Supply chain survey*. Retrieved July 4, 2025, from <https://www.cnbc.com/2025/04/14/tariffs-wont-bring-manufacturing-back-to-us-supply-chain-survey.html>

³¹Federal Reserve Board. (2025). *Monetary Policy Report — February 2025*. Retrieved July 4, 2025, from <https://www.federalreserve.gov/monetarypolicy/2025-02-mp-r-summary.htm>

³²U.S. Census Bureau. (2025). *Trade in goods with China: 2024*. U.S. Department of Commerce. Retrieved July 4, 2025, from <https://www.census.gov/foreign-trade/balance/c5700.html>

growth for Q1 of 2025, which equaled 5,4% on an annualized basis³³. Overall China demonstrated economic resilience and an economic growth generally for the last 5 years with notable stability in the GDP³⁴. Also, unlike the United States, China's trade balance is positive since the beginning of the COVID crises in 2020 and with an overall upward trend³⁵.

Despite the dynamic bilateral relations, the United States and China agreed to lower tariffs within 90 days. The agreement they reached is a reduction in tariffs, with U.S. duties on Chinese goods decreasing from 145% to 30%, and China's tariffs on U.S. products dropping from 125% to 10%³⁶. OECD data from 2025 outlines a forecast for the development of both economies. According to this forecast, in 2025 China will record a slight decline compared to 2024, with real GDP growth of 4,7% from 5%. While in the U.S., a decline in the same indicator of 0,8% is expected. In 2026, a decline in Real GDP is expected in both economies. In China by 0,4%, and in the U.S. by only 0,1%.

The analysis of the American economy shows negative trends based on preliminary data for 2025, which is due to the higher tariffs imposed and local factors in the country. However, it is premature to draw a general conclusion about the success of U.S. trade policy, despite the initial negative tendencies in the beginning of 2025.

Conclusion

Since 2020 the world faced serious challenges that affected economic development and caused crises. These processes lead to different economic discourses, which some countries adopt. It is no coincidence that protectionist policies are becoming more and more relevant at such times. Disintegration processes of countries are also on the agenda. Although free trade is perceived as an opportunity for countries to increase their welfare, a growing trend of prioritizing national sovereignty is noticed which could be a signal of emerging deglobalizing processes.

Several conclusions can be outlined in relation to the tasks set in the study. Globalization is not a modern phenomenon, but it acquired completely different dimensions in the 20th century due to the deepening ties between countries and scientific and technological progress. International trade stands out as one of the fundamental component of economic globalization, and since the establishment of the WTO in 1994, the average volume of trade flows worldwide has increased by 5% up to 2024. Trade volumes have also increased due to the conclusion

³³ China Briefing. (2025). *China's Economy Beats Expectations in Q1 2025 — Can Momentum Last?* Retrieved July 4, 2025, from <https://www.china-briefing.com/news/chinas-economy-q1-2025-5-4-percent-gdp-growth/>

³⁴ National Bureau of Statistics of China. (2025). *China's GDP grows 5 pct in 2024, hitting annual target.* Retrieved July 4, 2025, from https://www.stats.gov.cn/english/PressRelease/202502/t20250228_1958822.html

³⁵ Setser, B.W. (2024). *The IMF's latest external sector report misses the mark.* Retrieved July 4, 2025, from <https://www.cfr.org/blog/imfs-latest-external-sector-report-misses-mark>

³⁶ The Washington Post. (2025). *U.S., China agree to lower most tariffs for 90 days amid trade talks.* Retrieved July 4, 2025, from <https://www.washingtonpost.com/world/2025/05/12/united-states-china-trade-war-eases/>

of additional regional trade agreements between countries. Following the unprecedented Covid-19 crisis, RTAs have experienced historic growth, reaching record levels. Despite strong integration between member countries and trade opportunities, the EU has well diversified its trade agreements in order to reach markets from different continents.

From the perspective of the globalizing effect, Brexit puts the United Kingdom on a new economic path. Although it does not close off trade opportunities with EU, the U.K. trade relations with non-EU countries have improved, supported by new trade agreements under initiatives like Global Britain. Despite the process of disintegration, Brexit cannot be defined as deglobalization in the core sense of the term, but rather as a shift of the trade focus.

The increase in tariffs by the United States in 2025 in addition to the deteriorating economic situation leads to trade challenges and is a prerequisite for deglobalization mostly in protected sectors which makes the access to various goods more difficult and expensive. The analysis shows a downward trend in the American economy since the beginning of 2025, but at the same time, the country continues to be a globalized market as a whole and the biggest importer in the world.

The study of the two empirical examples of Brexit and the American protectionist policy since 2025 cannot serve as a base for general conclusion but could be a fundament for subsequent research. The tariff restrictions are just beginning to come into effect in the U.S., so this remains an open research question what their impact on the American economy will be by the end of Trump's term.

In general, globalization is a complex process that generates both support and criticism. There is no single point of view and each country seeks alternatives that it considers most suitable for the dynamics of the own economy. On one hand, a clear trend of increase in number of RTAs in times of crises is noticed. On other hand, protectionist ideas to raise tariffs are emerging in parallel, but their effect is contradictory and usually lead to slow down economic growth and global trade. The high trade deficit does not necessarily mean deglobalization of the whole economy, but rather partial deglobalization of specific sectors.

The **novelty** of the study is related with researching two complex phenomena such as globalization and deglobalization simultaneously. However, the research of only two empirical examples is not sufficient for general conclusions, but it is a contemporary supplement to the existing scientific literature, which can serve as a foundation for subsequent analyses. Although disintegration and protectionism are theoretically prerequisites for deglobalization of markets, the case study analysis shows that the U.S. has partial deglobalization in 2025 mainly in the protected sectors. While the U.K. is largely recovering its trade volumes after Brexit and remains a globalized market integrated with both European and non-EU trade partners.

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