

# **Changing Global Markets and its Effects on Geopolitical Trade**

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**Abstract:** *Global market structure is being deeply changed by rising geopolitical tensions, altering powers, and rising economic nationalism. Comparative advantage and market efficiency no longer dictate trade; political alignment, strategic interests, and security issues are shaping it more and more. This shift has redefined international trade flows, disrupted global value chains, and created new patterns of economic interdependence and fragmentation. The emergence of trade blocs, the weaponization of supply chains, the strategic use of tariffs and sanctions, and the pursuit of "friend-shoring" and "de-risking" strategies are reshaping the geopolitical trade landscape. These shifting markets are driven by critical events like the US-China trade war, Russia's invasion of Ukraine, and the COVID-19 crisis, all of which revealed vulnerabilities in conventional supply chain patterns and propelled a shift toward diversification and regionalization.*

*This research examines how changing global market conditions impact geopolitical patterns of trade across regions and industries. It analyzes the rising importance of geopolitical distance, or the level of political alignment or enmity between trading partners, as a factor determining trade relations. By employing a mixture of quantitative analysis of trade data and qualitative case studies, the study assesses how nations are reshaping trade policy to respond to heightened uncertainty, strategic rivalry, and policy changes. Special attention is accorded to emerging markets and their role as both the objects of and participants in these new dynamics.*

*It also examines the implications of market realignments for global value chains, determining which industries are most at risk from geopolitical shocks and how businesses and states are adapting. Through analysis of recent trends (2017–2025), the study seeks to provide an in-depth analysis of the interaction between evolving market structures and geopolitical trade realities. The results are meant to guide policy structures, trade policies, and business strategies that can build economic resilience in the face of a splintered world order.*

*From this perspective, the study adds to the emerging debate on the politicization of trade and shed light on how globalization in the future will be shaped by power instead of price..*

**Keywords:** Global Markets, Geopolitical Trade, Trade Realignment, Global Value Chains (GVCs), Geopolitical Distance, Emerging Economies, Trade Bloc Fragmentation, Protectionism / Derisking / Friend-shoring

