

The De-Americanization of Globalization



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In February, the United States Supreme Court struck down President Trump's global tariffs imposed under the International Emergency Economic Powers Act. The administration responded swiftly, introducing 15% tariffs under Section 122 of the Trade Act, highlighting a deeper shift: U.S. economic engagement with the world is becoming less rules-based and more discretionary. Trade, immigration and cross-border capital flows are increasingly driven by national priorities rather than institutional commitments.

For decades, the U.S. served as the architect and anchor of a rules-based global system, underwriting the World Trade Organization (WTO) framework, free trade, open capital accounts and relatively liberal migration flows. That architecture is now changing. As Washington asserts greater discretion over trade, capital and people flows, the rest of the world is quietly building buffers and hedging U.S. dependency.

This is not the end of globalization. It is the gradual de-Americanization of it.

Trade: Rewiring, Not Retreating

What began as U.S.–China decoupling is turning into something broader. Washington speaks the language of “China +1,” while Beijing has quietly adopted its own version: “U.S. +1” (see *Untangling Supply Chain Linkages*, March 2023). Both economies are structurally diversifying away from each other. China's share of U.S. imports has fallen from 21% in 2016 to 13% in 2024, while the U.S. share of Chinese exports has slipped from 18% to 15%.

As the U.S. broadens its tariff regime and intensifies its onshoring push, the rest of the world is hedging U.S. exposure. This is a reconfiguration, not collapse, of global trade. Away from the WTO-governed system, a dense web of regional blocs and bilateral alignments that bypass traditional multilateral channels is shaping.

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Regional trade agreements (RTAs) have risen from 273 in 2015 to 380 in 2025, a 40% increase (*Display 1*). The center of gravity is shifting toward regional and bilateral arrangements. Intra-BRICS¹ trade has expanded from \$84 billion in 2003 to \$1.17 trillion in 2024, growing 13% annually, more than double the 5.7% global trade growth. South-South trade between countries in the Global South grew 9.5% in the same period.

The trend is increasingly visible in country-level trade strategies. China is redirecting exports to ASEAN, the Middle East, Latin America and the broader Global South. China is now Brazil's largest trading partner. Mercosur, the Southern Common Market, has ratified a deal with the European Free Trade Association. The Economic Commission for Latin America and the Caribbean (CEPAL) urges diversification of trade relations as a strategic priority in response to U.S. policy shifts and rising protectionism.

The same logic is shaping political alignments. The EU's "Strategic Compass 2030" seeks to reduce dependence on U.S. defense equipment. India, historically protectionist, has signed trade agreements with Oman, the U.K. and the EU.

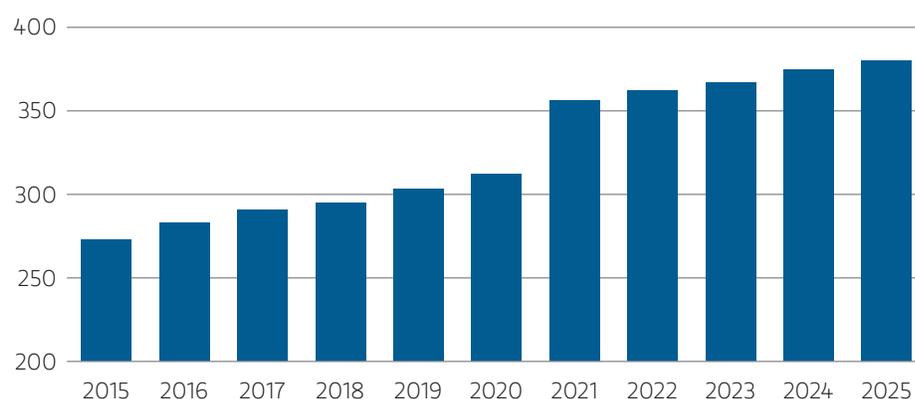
Trade settlement mechanisms are also adjusting. The Renminbi's share of China's cross-border trade settlement increased from 14% in 2019 to 30% in 2024. Brazil and China have announced local currency settlement mechanisms that reduce U. S. dollar (USD) intermediation.

Corporate behavior reflects the same trend. One-third of U.S. companies report meaningful declines in foreign sales. Allianz Trade's 2025 survey found that more than one-third of

DISPLAY 1

Deglobalization's Demise Has Been Greatly Exaggerated

Cumulative number of regional trade agreements (RTAs in force)



Source: WTO. As of Dec 31, 2025.

global firms have secured non-U.S. export markets, with many others planning to do so. Among Chinese firms, the share of manufacturers intending to supply the U.S. market has fallen from 15% to 3%. Luxury automakers such as Aston Martin and Jaguar have paused shipments to reassess post-tariff economics.

The trend extends beyond physical goods. Global trade in services expanded 225% between 2005 and 2023, outpacing the 134% increase in goods trade. Services globalization proved resilient even through earlier tariff cycles. But that resilience is beginning to shift.

The EU is constructing sovereign cloud frameworks to reduce dependence on U.S. technology platforms. China's "Xinchuang" policy mandates replacement of foreign software and hardware in strategic sectors. Gulf states are inviting Chinese cloud providers alongside U.S. firms. Saudi Arabia's Vision 2030 localizes digital infrastructure. Taken together, digital sovereignty is becoming state doctrine.

Capital: Multipolar Liquidity

Central banks are diversifying reserves. The USD remains dominant, but concentration is declining. China's USD share of reserves fell from 59% in 2016 to roughly 25% in 2023. India increased gold holdings by 33% over the last five years. There is no single replacement alternative. Instead, reserve managers are broadening exposure across gold and non-traditional currencies.

Foreign ownership of U.S. Treasuries has fallen from 56.5% in 2008 to 30% in 2024. Japan and China, the largest foreign holders, have reduced both their absolute holdings and relative share. Japan's holdings fell from \$1.25 trillion in 2020 to \$1.06 trillion in 2024, a decrease of 15%. Its share of total foreign-held U.S. debt declined from 17.7% to 12.4%.

China's holdings declined 30%, from \$1.07 trillion to \$760 billion, with its share nearly halving from 15% to 8.9%.

Global flows mirror this shift. According to UNCTAD (UN Trade and Development), the Global South now

¹ BRICS is an intergovernmental organization comprised of ten countries: Brazil, China, Egypt, Ethiopia, India, Indonesia, Iran, Russia, South Africa and the United Arab Emirates.

accounts for 44% of global trade (versus 33% in 2007), 42% of global output (versus 30%), and 58% of FDI (foreign direct investment) inflows (versus 22% – Display 2).

This is not a run away from U.S. assets. It is a reduction in its structural dependence.

People: Talent Is Diversifying

The shift extends beyond trade and capital. For decades, the U.S. was the default destination for global talent. That gravitational pull is softening. International student arrivals to the U.S. fell 19% in 2025, with sharp declines from India (-44%), China (-12%) and South Korea (-11%).

High-net-worth migration flows tell a similar story. The United Arab Emirates now leads global net inflows of millionaires, surpassing the U.S.

It's not just about incoming students or millionaires. In 2025, the U.S. recorded net negative migration for the first time since 1935, with an estimated loss of some 150,000 people. The data includes deportations and self-deportations, but also roughly 180,000 American citizens leaving the country, mostly headed to Europe. Once the data is completed, the actual number is likely to be higher. Additionally, the outflow is expected to increase in 2026 due to less favorable visa policies and increasing scrutiny on visitors (Display 3).

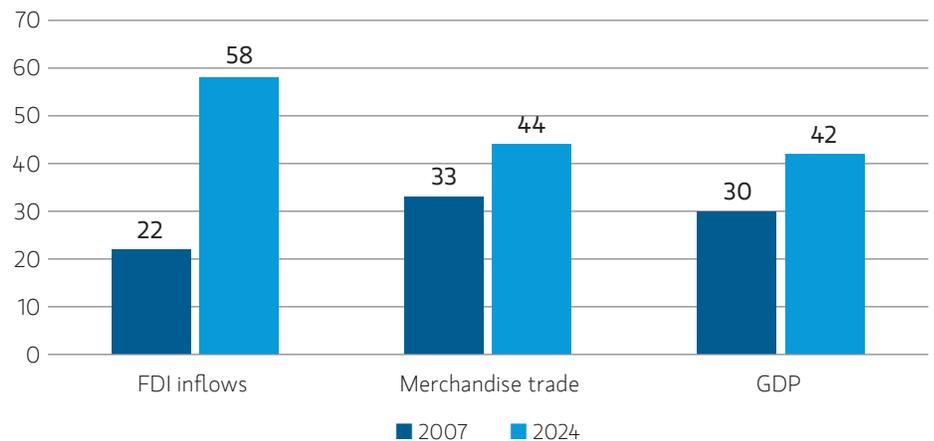
Positioning for De-Americanization

Globalization is not fading, but U.S. centrality within it is. Trade is becoming regional. Capital is becoming multipolar. Talent is spreading across competing innovation hubs. The system is shifting from a single gravitational center to a network of interconnected nodes.

For Emerging Markets, this dispersion creates differentiated opportunities.

DISPLAY 2 The Global South Rises

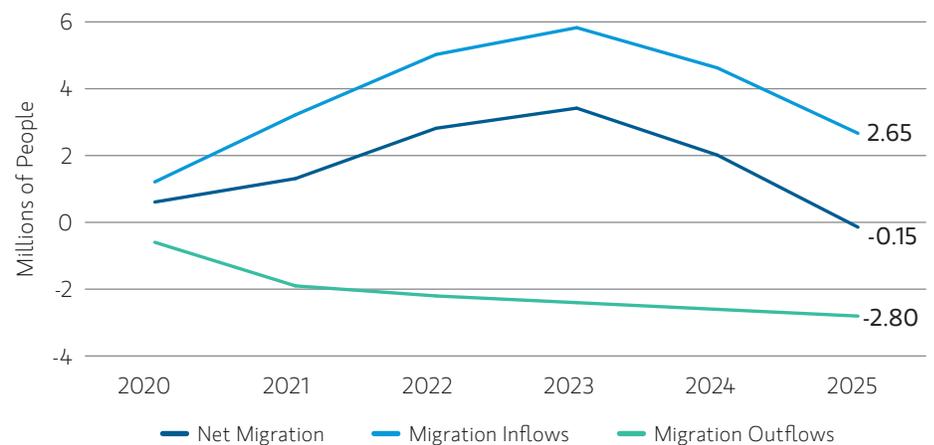
The Global South's share of global FDI, goods trade, and GDP



Source: UNCTAD. As of Dec 31, 2024.

DISPLAY 3 The Diminishing American Dream

Declining immigration to the U.S.



Source: Brookings Institution. As of Jan 2026.

Economies that have export overlap with China, notably Korea, Taiwan and Vietnam, stand to benefit as preferred suppliers to the U.S., particularly in defense, shipbuilding and the AI supply chain. Tariff fears remain more illusion than reality for these strategically aligned economies.

Similarly, South-South trade champions embedded in expanding BRICS corridors gain structural tailwinds.

Commodity exporters tied to Middle East, ASEAN and intra-Asia trade flows benefit. Local equity and bond markets stand to gain as reserve diversification broadens beyond the USD. Financial centers capturing wealth and migration flows gain strategic relevance.

As global centrality diffuses, the opportunity set in Emerging Markets broadens, structurally, not cyclically.

Risk Considerations

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