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The Emergence of New World Order: Is it the End of the Free Trade Era

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Abstract

The concepts of the Emergence of New World Order and the Free Trade Era are interrelated, particularly in the context of "the post-World War II and post-Cold War eras". Free trade is a system of international commerce with minimal barriers, while the term "New World Order" frequently denotes a period of substantial shift in "global politics and power dynamics". The following article provides a comprehensive review of the diverse literature on "the New World Order and the End of the Free Trade Era". It concluded that the emergence of a new world order, shaped by shifting global power dynamics, signals potential challenges to the free trade era. While free trade agreements have boosted China's digital product exports and fostered innovation and cooperation, rising geopolitical tensions and strategic alliances led by dominant powers like the U.S. indicate a shift toward protectionism and resource control. This evolving landscape raises concerns about the sustainability of open markets, suggesting that future global trade may be increasingly influenced by political agendas rather than purely economic principles. The balance between globalization and national interest remains at the heart of this transformation.

Keywords; *Emergence of New World Order, Free Trade Era, Soviet Union, Globalization, Free Trade Agreements.*

INTRODUCTION

The modern world is full with noteworthy incidents involving international wars and the actions of the main world powers in their spheres of influence. The Third World, which is replete with resources of significant economic and vital significance for the global economy—particularly Africa and the Arab world—is the source of these conflicts, which are the result of a confrontation of interests and varying regional and international perspectives [1]. Following the fall of the Soviet Union, the United States became the only superpower in the world.

However, European nations, China, and the Russian Federation, the Soviet Union's successor, continue to pose a threat to the US. But the main area of rivalry between China and the US is economic. In the interim, the Arab and African roles continue to be marginalised, as these regions are used as arenas for international conflicts, particularly as a result of "Israel's existence in the Arab heartland and the competing influence of Iran". The U.S. adopted a new international order that reflected its military and security policy when the Soviet Union fell apart in 1989 and became the world's leading power [2].

One of the most persistent unresolved issues in political economics is whether or not free trade generates economic benefits. International trade is an often discussed and contentious issue in the field of public policy. Supporters and opponents of free trade among academics come from a variety of "theoretical, political, and ideological perspectives". This long-running argument stems from the fundamental belief that trustworthy policy recommendations may be made by simply using the methodical findings of scientific studies on "the nature and effects of free trade". This instinct is deceptive [3], [4].

Prior to the 1980s, international economists who were interested in trade liberalisation debated the theoretical soundness of economic findings from neo-classical economics and classical political economy [5]. In order to show the conceptual shortcomings of neoclassical accounts or the positive effects of free trade, researchers usually employed formalised characterisations of concepts such as "comparative advantage, competitive markets, monopolistic competition, trade barriers, and increasing returns to scale" [6]. The question of which theory—or theories—offers the right perspective, however, has never been definitively resolved. The 1980s and 1990s saw a significant surge in applied empirical research, primarily to evaluate the available theoretical proposals and "some of the posited effects of trade liberalisation", as a result of the absence of a definitive theoretical account, whether in favour of or against free trade [7].

Many economists, decision-makers, and other economic end users were persuaded by the turn of the century that the findings of this burgeoning empirical study finally offered solid proof that "free trade causes economic gains." In this article, I will refer to this claim as a causal generalisation or a causal-efficacy hypothesis regarding free trade [8]. At the same time, the same body of empirical data was used to support the validity of a related but separate claim: "a country should lower its obstacles to international trade in order to enjoy economic gains." I will refer to this as a policy prescription or a policy-effectiveness hypothesis regarding free trade [9].

The New World Order

The official termination of the Cold War was signified by the Soviet Union's collapse, which was the primary rival of the United States. But the process didn't end there; the United States aimed to lead the creation of a new international strategy. This gave rise to a novel concept that argued for the need for a sophisticated information and communication network supported by principles that uphold democracy and human rights—in other words, globalisation. The concept of sovereignty was significantly impacted by this development, as countries started to line up themselves with A substantial amount of national sovereignty is not sacrificed under the New World Order [10]. Instead, it focusses on developing a strategy of military and international balances to mould the global military doctrine. International treaties or customary international law serve as the explicit or tacit foundations for the new international law that governs the world community. Although it merely formally complies with international law, "this new international system" makes the assumption that these laws

should represent the shared interests of its components [11]. This demonstrates the risks that "the New World Order" poses to the future of global relations and the breakdown of international safeguards, which allows certain governments to exert more control over others [12], [13].

Consequently, the following is a definition of the New World Order: The New global Order has greater implications than the international system since it includes interactions between other entities, not simply states, while "the international system" indicates the interaction of global nations within a complete framework [14]. Organising units and patterns of relations within "a political, economic, and strategic" framework is the definition of it by Anwar Malik. It also encompasses social progress, modernisation, development processes, confrontations, and conflicts. Two great powers—the United States and Europe—have arisen under this framework since 1945 [15]. 3. The emergence and expansion of the European Union were facilitated by the European continent's multiple nations, which share common interests and values. This has enabled "the European Union to dominate the global economy and energy sectors". At the same time, the United States continues to exercise control over the global economy as a whole [16], [17].

Free Trade Agreements

A free trade agreement, or FTA, is an agreement between two or more nations that includes, among other things, safeguards for "investors and intellectual property rights", as well as specific requirements that impact trade in products and services. The primary objective of trade agreements in the United States is to reduce barriers to U.S. exports, safeguard U.S. interests during international competition, and improve "the rule of law in the FTA partner country or countries" [18].

The US and 20 other nations now have 14 free trade agreements. With zero or reduced tariffs and other terms, free trade agreements (FTAs) may make it easier for your business to access and compete in the global economy. FTAs usually aim to lower trade barriers and create a more stable and transparent commercial and investment environment, however the details of each one differ. As a result, U.S. businesses may export goods and services to trade partner markets more easily and affordably.

Key Benefits of Free Trade Agreements

Benefits from free trade agreements (FTAs) for your product might offer it a competitive edge over goods from other nations, but they may also need extra documentation. U.S.

free trade agreements usually cover a broad range of government actions that have an impact on your company:

- Tariffs on eligible items are reduced or eliminated. For instance, a nation that typically imposes a tariff of 12% on the value of imported goods will waive this tariff for these goods that are manufactured in "the United States" (as stated in the FTA). This enhances the competitiveness of your products in the marketplace.
- **Intellectual Property Protection:** safeguarding and upholding the rights to intellectual property held by Americans in the FTA partner nation.
- **Product Standards:** the capacity of U.S. exporters to contribute to "the development of product standards in the FTA partner country".
- **Selling to the government:** the right of a US business to submit a bid in the FTA partner nation for certain government procurements.
- **Service providers:** the capacity of American service providers to provide "their services in the FTA partner nation".
- Fair treatment for U.S. investors is contingent upon their treatment being treated as favourably as the FTA partner country regards its own investors and "their investments, or investors and investments from any third country".

The end of the free trade era

Trump's new tariffs are the biggest in more than a century and are generally much higher than anticipated. Equity futures experienced a decline in tandem with US bond yields in afterhours trading, following "the close of the US stock markets on April 2". As the world's stock markets process this news, we anticipate that they will also decline.

- **Reciprocal not universal:** Trump declared "reciprocal" tariffs, with a minimum baseline rate of 10%, on the nations having "the largest trade deficits with the US". These duties will differ from one nation to the next. Trump defines reciprocal tariffs as everything that reduces consumption, including "tariffs, value-added taxes (VAT), non-market policies, certification requirements, restrictions, currency manipulation, and more". Compared to most economists, this concept of trade barriers is much more expansive. Foreign nations find it far more difficult to politically reduce their newly determined tariff rates as a result. According to Trump, the majority of reciprocal duties would

be levied on US goods at a rate half of what they have projected.

- **Trump also announced an additional 25% tariff on all auto imports:** This is on top of the 25% steel and aluminium tariffs that are now in place. Tariffs on semiconductors, pharmaceuticals, timber, and copper may be implemented in the near future. The reciprocal tariffs most likely do not apply to these commodities.
- **Mexico and Canada not included:** The 10% duty will not apply to Canada or Mexico. Goods that do not comply with the USMCA will continue to be subject to the current 25% tariff. For some nations, the news may be slightly encouraging.
- **China and Southeast Asia hit:** It is uncertain what China's total tariff level is; however, it appears to be 34% reciprocal and 20% fentanyl-related. It's noteworthy that the country with the greatest trade imbalance with the US, China, does not have the highest reciprocal tariffs. Some of the largest reciprocal tariffs are found in Southeast Asia, which benefitted from previous levies on China and China outsourcing.
- **Recession and inflation are now more likely:** If prices don't rise, tariffs are useless. Considering "an average 20% tariff rate on imports", today's tariffs might increase annual expenses for the typical American household by up to \$4,200. As a result, tariffs are anticipated to reduce the spending of households and businesses, which will exacerbate the risk of disappointing earnings and growth in the United States in 2025.
- **Uncertainty elevated:** Early in 2025, the economy and financial markets were beset by uncertainty. We don't know how the announced tariffs would be received by businesses or other nations. Whether Trump has a negotiation goal is unknown. It's also questionable whether Trump's executive measures on tariffs are lawful.
- **Services not included:** The services trade surplus in the US is not covered by these tariffs. As an illustration, restrictions imposed by other nations may affect US banks, consulting firms, and technology companies.
- **The ugly American:** Foreign policy ramifications, such as future rejection of US goods and businesses, may have an influence in addition to the economic ones.

- **No Fed put:** The statement made today will probably make concerns about sticky inflation and declining US GDP worse. For at least a few more meetings, "the Federal Reserve (Fed)" may be delayed due to price pressures resulting from tariffs.
- **We are cautious on the markets:** Global equities markets face difficulties due to periods of uncertainty, global economic slowdown, and earnings disappointments. While the yields on the US 10-year Treasury are comparable to short rates, we believe that bonds might provide significant returns if the economy continues to deteriorate and rates rise.

LITERATURE REVIEW

(Abdi & Abdellaoui, 2025) [19] With the fall of the Soviet Union and the Eastern Bloc, the post-Cold War period inevitably gave rise to the New World Order. The United States responded by looking for a different area of concentration, namely the war against terrorism. During his war on terrorism, which he started with the invasion of Iraq, former President George H.W. Bush formally announced the New World Order, which the United States accepted to further its strategic objectives. Under the guise of "democracy and human rights", the United States imposed conditional protection, placing its national security beyond all else, often at the price of state sovereignty. With Israel in the centre of "the Middle East, where America exercises" worldwide power in the pretence of maintaining maritime security and preserving peace, this strategy allowed the United States to rule the globe and its institutions most notably.

(Gao, 2024) [10] Examine how the commerce of digital products in China is affected by free trade agreements. Free trade agreements are becoming more important in fostering commerce in digital goods as a result of the expansion of international trade and the quick development of digital technology. This article elaborates on the potential and difficulties presented by free trade agreements to China's digital product trade by examining the features of these agreements and combining them with the existing state of "China's digital product trade". In order to provide China a reference point for gaining further benefits in international trade, this paper goes on to explain the strategy for making China's digital product commerce more competitive on a global scale.

(Karim et al., 2023) [20] focusses on the conceptualisation of free trade negotiations as economic, strategic, or domestic

issues, and analyses "the engagement of domestic actors in public discourse" surrounding these negotiations. This article employs Twitter as a barometer of public sentiment towards "the Regional Comprehensive Economic Partnership (RCEP)" in order to analyse this subject. Nevertheless, we have observed that the sentiment is slightly more negative "when RCEP is discussed as a strategic" issue than when it is discussed as a domestic or economic issues. This article goes on to say that concerns about China's geopolitical aspirations, home protectionist policies, and the potential effects of RCEP on the local economy are what motivate the debate over the agreement. In an effort to comprehend trade negotiations, this article adds to the expanding utilisation of big data. By analysing "how domestic political actors" construct free trade agreements, it also advances the field of free trade negotiation studies.

(Khatri & Kim, 2023) [21] This research sought to assess the degree to which the AIFTA had a significant impact on "the trade and export relationship between India and ASEAN" at this pivotal moment. The research also aimed to identify other elements that impacted the two areas' "trade and export relationship" and what adjustments are required going forward to ensure that this connection benefits both parties. The estimate process was conducted using a random effect model. The empirical research comes to the conclusion that although the AIFTA's adoption greatly expanded commerce, it had no discernible effect on export growth. As one of the critical variables that impede the realisation of India's export potential to ASEAN, the study has identified the increase in NTMs. According to this report, India should prioritise forging closer and more comprehensive ties with ASEAN nations that are experiencing faster GDP growth, like Cambodia, Malaysia, the Philippines, and Vietnam, in order to boost exports and the future of the free trade agreement.

(Gurtu et al., 2022) [16] The research examines how changes in member states' trade volumes are impacted by "free trade agreements (FTAs)" that India has signed. The article evaluates the advantages of integrating export earnings to satisfy import demands and facilitate economic integration. According to research, free trade agreements (FTAs) enhance economic activity in the countries that have signed them. The importance of free trade agreements (FTAs) to the economic activity of the signatory nations is highlighted in this article. After free trade agreements, imports decreased and exporters' "compound annual growth rate (CAGR) rose". This study will assist academics in determining which nations and regions might benefit from free trade agreements and enhance economic activity.

(Mireles-Flores, 2022) [2] The major emphasis of the examination is "the mainstream economic research" that has been employed over the last several decades to bolster arguments for trade liberalisation. Three factors in the empirical literature make it extremely difficult to draw trustworthy policy conclusions: (a) the standards by which "free trade" is defined; (b) the underlying presumptions in the econometric methods for calculating causal effects; and (c) the general aspiration of academic economists to arrive at scientific findings in terms of broadly applicable generalisations. The study reveals a concerning discrepancy between the goals and findings of scientific economics research and the kind of data that would be helpful in directing real policy discussions.

(Dent, 2021) [22] This paper looks at how FTAs have developed climate action measures and explores the impact they can have on combating climate change. This research provides fresh perspectives and analysis on a possibly significant new development in the trade-climate-energy relationship. New understandings of the connection between trade, climate action, and energy are developed by "its international political economy methodology" and recent empirical research, which also provide a unique addition to knowledge in this interdisciplinary field.

CONCLUSION

In conclusion, the emergence of a new world order has introduced significant shifts in global economic and political dynamics, marking a potential turning point in the era of free trade. While free trade agreements continue to offer countries like China enhanced access to global markets—particularly in the digital products sector—they also serve as instruments of strategic influence in the broader geopolitical landscape. China's digital trade has benefited from these agreements through increased international collaboration and innovation, reflecting the dual impact of globalization and national interest. However, the post-Cold War unipolar world, dominated by U.S. hegemony, has seen international alliances shaped largely by Western capitalist goals, often prioritizing control over global resources and political influence. This evolving geopolitical framework raises questions about the sustainability of truly free trade, as economic agreements increasingly reflect strategic, rather than purely commercial, objectives. The balance between global cooperation and national sovereignty is being recalibrated, prompting a re-examination of existing trade norms. Thus, while free trade may not be entirely ending, it is certainly transforming—reshaped by power politics,

technological change, and national interests in a new world order.

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