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THE IMPACT OF GLOBAL INSTABILITY ON INTERNATIONAL TRADE

Abstract:

From 2020 to the present, international trade has demonstrated a high level of volatility in terms of both its volume and direction. The positive effects of free trade agreements (CEFTA, ASEAN, USMCA, MERCOSUR, etc.) and the higher degree of globalization that characterized international trade resulted in increased levels of exchange and the liberalization of international markets at the beginning of the 21st century. However, since 2020, international trade flows have successively faced a series of instabilities, starting with COVID-19 and extending to wars in the Middle East, as well as new protectionist measures introduced by the United States primarily aimed at reducing the trade deficit with China. U.S. tariff revenues reached 287 billion dollars in 2025; this 192% increase compared to the previous year clearly illustrates the significance of these barriers for global trade, particularly considering that such protectionist measures are almost always followed by countermeasures. Health crises and war conflicts during this period have led to the closure of ports, waterways, airports, and airspace. Political crises have resulted in violations of WTO principles (e.g. the principles of non-discrimination and national treatment), as well as the formation and strengthening of global blocs (BRICS, the new “Board of Peace,” etc.). All these instabilities negatively affect the free movement of goods and services, resulting in a decline in trade activities and higher procurement costs for final products, as well as for energy and other resources. The objective of this paper is to determine the ways in which instability affects the volume of international trade activities, with particular reference to how these instabilities have influenced Serbia’s trade exchange with its international partners. The primary data sources which will be consulted for this research include reports from organizations such as the UN, OECD, and Deloitte.

Keywords: International trade, protectionism, instability, Republic of Serbia.

INTRODUCTION

International trade in the third decade of the 21st century is characterized by a high degree of complexity, interdependence, and exposure to global economic and geopolitical shocks. The expansion of global value chains, liberalization of trade flows under the influence of the World Trade Organization (WTO), and the proliferation of regional trade agreements have significantly contributed to the growth of both merchandise and services trade, which together amount to tens of trillions of US dollars annually (Curran & Eckhardt, 2021). At the same time, the global

trading system has become increasingly vulnerable to disruptions arising from protectionist policies, unilateral trade measures, and geopolitical tensions among major economic powers. The re-emergence of tariff-based protectionism, particularly through large-scale unilateral tariff regimes, has had significant implications for global trade flows, supply chain stability, and the predictability of international business environments. In addition to trade policy shifts, global conflicts and regional instabilities have further intensified uncertainty in international markets. Energy-related disruptions, particularly in strategically important transit routes, have demonstrated the high sensitivity of global supply chains to geopolitical risks. These events have affected not only commodity markets such as oil and gas, but also industrial production, transportation, food security, and emerging sectors such as semiconductors and artificial intelligence infrastructure.

The objective of this paper is to analyze the structure and dynamics of international trade in the third decade of the 21st century, with a particular focus on the volume and composition of global trade in goods and services, as well as the impact of major global instabilities on international trade flows. The paper also examines the consequences of protectionist trade policies and geopolitical conflicts on global economic relations, highlighting their effects on both developed and developing economies.

1. INTERNATIONAL TRADE IN THE THIRD DECADE OF THE 21ST CENTURY – VOLUME AND STRUCTURE

International trade in the 21st century encompasses global trade in goods and services worth trillions of dollars. One of the most significant factors behind the growth in the volume of international trade is the reduction and elimination of tariffs, and especially quotas, under the influence of the World Trade Organization, as well as multilateral foreign trade agreements such as CEFTA (members: Serbia, Bosnia and Herzegovina, Montenegro, North Macedonia, Albania, and Moldova), ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam), USMCA (the United States, Mexico, and Canada), MERCOSUR (Argentina, Brazil, Paraguay, Uruguay, and Bolivia), etc. WTO data indicate that in 2025, global trade in goods and commercial services increased to 34.65 trillion US dollars, representing a 7% increase compared to 2024. International trade in goods increased by 6%, while services grew by 8%. The share of services in international trade in 2025 reached 27.6%, which is the highest recorded share of services since 2005. Total exports of goods in 2025 amounted to 26.3 trillion dollars, while the top 10 exporting countries accounted for 49.6% of the total volume of international trade in goods. China ranked first with a share of 14.4% of total global merchandise exports, followed by the United States in second place with 8.3%, and Germany in third place with 6.7%. The combined share of China, the United States, and Germany in total global merchandise exports in 2025 amounted to as much as 29%. The largest importers in 2025 were the United States with a 13.2% share of total global imports, followed by China with 9.7%, while Germany ranked third with a 5.8% share of total global merchandise imports. Total exports of goods from China in 2025 amounted to 3.7 trillion dollars, from the United States 2.1 trillion, while Germany exported 1.7 trillion dollars; it should be noted that in 2025, compared to 2024, China recorded a growth in merchandise exports of 5.5%, while the United States and Germany grew at rates of 6% and 5.2%, respectively. With regard to CEFTA countries, Serbia in 2025 recorded merchandise exports worth 37 billion dollars, placing it 66th in the world by export volume; Bosnia and Herzegovina recorded 9.8 billion, placing it 106th; Montenegro 0.6 billion, placing it 161st; North Macedonia 9 billion, placing it 109th; Albania 4.3 billion, placing it 129th; and Moldova 3.7 billion, placing it 133rd. In 2025, compared to 2024, Serbia achieved a significant increase in merchandise exports of 18.1%, while Serbian exports account for only 0.14% of total global merchandise exports (World Trade Organisation, 2026).

The World Trade Organization has classified total exports of goods into three main categories: “manufactures,” “agricultural products,” and “fuels and mining products.” With regard to “manufactures,” the European Union ranks first in terms of exports, with total exports amounting to 5.5 trillion dollars (of which 2.2 trillion to non-EU countries) in 2024, followed by China with exports of 3.2 trillion dollars. In third place is the United States with 1.2 trillion, followed by South Korea with 592 billion dollars and Japan with exports of 583 billion dollars. With regard to “agricultural products,” the European Union ranks first in terms of exports, with total exports amounting to 861 billion dollars (of which 276 billion to non-EU countries), also in 2024. The United States ranked second with exports of 199 billion dollars, followed by Brazil with 155 billion, then China with 99 billion, and Canada with 85 billion dollars. With regard to “fuels and mining products,” the European Union ranks first in terms of exports, with total exports amounting to 621 billion dollars (of which 203 billion to non-EU countries) in 2024. The United States ranked second with 376 billion dollars, followed by the United Arab Emirates with exports valued at 307 billion, then Russia with 272 billion, and Australia with 229 billion dollars of exports. With regard to clothing as a subcategory of exports, it can be concluded that in 2024 the European Union ranked first in terms of export value, with exports amounting to 166 billion dollars (of which 43 billion to non-EU countries). China ranked second with 165 billion dollars, followed by Bangladesh with 38 billion dollars, then Vietnam with 34 billion, and Turkey with 18 billion dollars in clothing exports. With regard to automotive products as a subcategory of exports, the European Union ranked first in terms of export value, with 803 billion dollars (of which 298 billion to non-EU countries). China ranked second with 191 billion dollars of exports,

followed by Mexico with 166 billion, then Japan with 150 billion, and the United States with 149 billion dollars in exports of automotive products (World Trade Organisation, 2026).

Trade in services increased by 8% in 2025 compared to 2024 and currently amounts to over 9.5 trillion dollars. The growth of transport services slowed and amounted to 2% in 2025 compared to 2024, while exports of travel services amounted to 1.89 trillion dollars, with an 8% increase in 2025. Exports of other services, which include a wide range of services such as financial and professional services, increased by 10% in 2025 and today account for more than 60% of global trade in services. Trade in services is highly concentrated, as the top 10 exporters and importers of services accounted for 56.5% and 54% of total trade, respectively (World Trade Organisation, 2026). With regard to exports of services, the United States ranks first with 1.2 trillion dollars in service exports, followed by the United Kingdom with 721 billion dollars, and Ireland in third place with service exports valued at 565 billion dollars. With regard to imports of services, the United States ranks first with imports of 869 billion dollars, followed by China with 620 billion dollars, and Germany in third place with 588 billion dollars of service imports in 2025. Some of the most significant trends in global trade in services include an 11% increase in trade in tourism services in the European Union, a 15% increase in Irish exports of computer services, and a 20% increase in Indian exports of business services. When analyzing exports of transport services in 2025, the European Union ranks first in terms of export value with total exports amounting to 560 billion dollars (of which 265 billion to non-EU countries), followed by Singapore with 135 billion dollars, China in third place with 122 billion dollars, then the United States with 104 billion, and the United Arab Emirates with 75 billion dollars in exports of transport services. When analyzing exports of tourism services in 2025, the European Union ranks first with total exports amounting to 565 billion dollars (of which 231 billion to non-EU countries), followed by the United States with 213 billion dollars, the United Kingdom in third place with 92 billion dollars, then the United Arab Emirates with 75 billion dollars and Japan with 62 billion dollars in exports of tourism services. When analyzing exports of financial services, the European Union ranks first with exports amounting to 277 billion dollars (of which 121 billion to non-EU countries), followed by the United States with 209 billion dollars, Singapore in third place with 55 billion dollars, then Hong Kong with 32 billion, and Switzerland with 29 billion dollars in exports of financial services in 2025. In the coming years, a continuation of the trend of increasing the share of service exports in the overall structure of global exports is expected. The countries of the European Union, in terms of the volume of intra-EU trade and exports to third countries, will remain leaders in most categories together with the United States and China.

2. GLOBAL INSTABILITIES – SIGNIFICANCE AND IMPACT ON INTERNATIONAL TRADE

2.1. US Protectionist Tariffs – Impact on Global Trade

One of the most prominent instabilities that has affected virtually the entire global trade system relates to protectionist unilateral import barriers in the form of US tariffs during Donald Trump's second term (from January 20th 2025). From the very beginning of the administration's work, a large number of import tariffs were introduced. As of April 2nd 2025, tariffs were imposed at 49% on goods from Cambodia, 46% on goods from Vietnam, 36% on goods from Thailand, 37% on goods from Bangladesh, 34% on goods from China (this rate at one point rose to 125% before later falling to 10%), 32% on goods from Taiwan, 29% on goods from Pakistan, 25% on goods from Mexico, etc. In this "initial" wave, tariffs were also imposed on goods from "ally" countries, such as a 20% tariff on all goods imported from the European Union, 31% on goods from Switzerland and Liechtenstein, and 10% on goods from the United Kingdom (Congressional Research Service, 2026). The introduction of such unilateral barriers de facto undermines the principles of foreign trade liberalization and the objectives of the World Trade Organization, of which the United States is a full member (unlike Serbia, which still has observer status). The aim of US tariffs, which are described as "reciprocal," is the elimination of trade deficits with all countries covered by the tariffs. In this regard, a tariff rate formula was developed as the ratio of the US trade deficit with a given country to total US imports from that country; the result is multiplied by 0.5 to obtain the final tariff rate that was implemented. For example, in 2024, the total US trade deficit with China amounted to 295 billion US dollars, while the total volume of bilateral trade between the two countries amounted to 438 billion; when the ratio of 68% is multiplied by 0.5, the final ad valorem tariff rate of 34% is obtained. With regard to Serbia and the region, tariffs on imports of Serbian goods into the United States at the beginning of April 2025 amounted to 37%, before being reduced to 35% on August 7th 2025. Such a tariff rate was calculated taking into account the deficit that the United States records with Serbia, which in 2024 amounted to 70 million US dollars. When the rate for Serbia is compared with the rates imposed on countries in the region, it is clear that Serbia fared worse in this regard. The tariff rate for goods from Bosnia and Herzegovina was 35%, for countries such as North Macedonia, Montenegro, and Albania it was 10%, while for goods from Croatia and Slovenia the universal EU rate of 20% was applied (this rate was reduced to 15% from August 7th 2025).

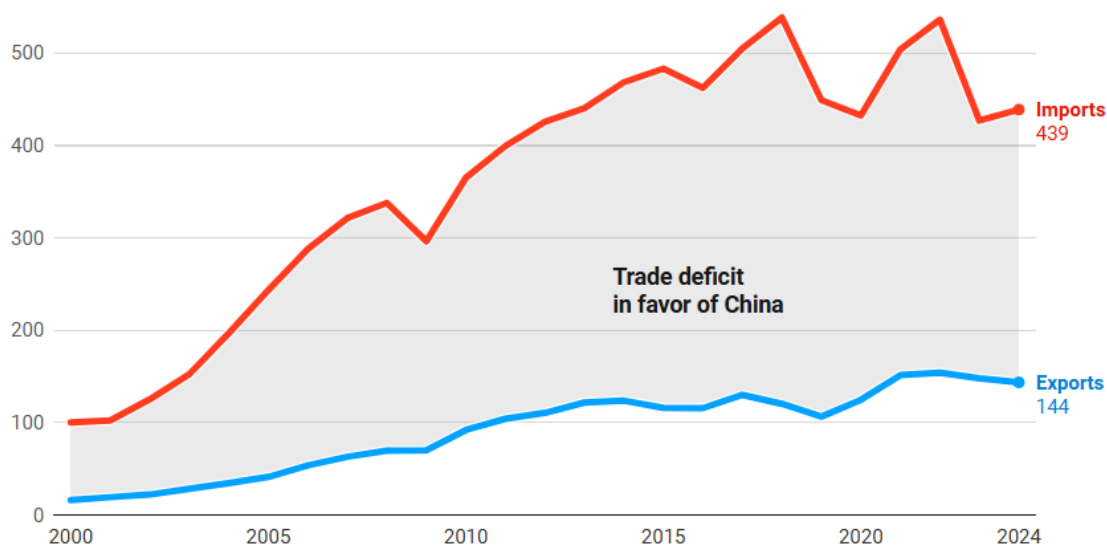


Chart 1: Representation of the US merchandise trade deficit with China as one of the leading causes of the imposition of protectionist tariffs in April 2025 (in billions of US dollars).

Source: (US Census Bureau, 2026).

Some estimates show that the effective tariff rate (the average rate applied to all goods imported into the United States) was increased from 2.5% to as much as 27% in the period from January to April 2025. An effective rate of 27% represents the highest such rate in more than a century. Following measures by the US Supreme Court, the effective rate was reduced to 13.7% as of the beginning of 2026. Goods affected by US tariffs included aluminum and steel with tariffs of up to 50% (including aluminum derivatives such as beer and beverage cans), copper with an effective rate of 50% (also including copper derivatives), agricultural products such as coffee (especially from Brazil and Colombia), nuts, seafood (most affected were China, India, and Vietnam), olive oil (most affected were European countries). In addition to these, tariffs also covered automotive parts (especially from China, Mexico, and Canada), solar panels and components (with rates exceeding 100% in some cases), wood products (significantly affecting Canada and China), and others. With regard to goods from Serbia, the most affected were the defense industry, the steel industry, and automotive parts industry (such as the “Fiat Panda” produced in Kragujevac). The largest export category from Serbia to the United States is the service sector, particularly information technology services, whose exports from Serbia to the US amounted to 1.7 billion euros in 2024. This sector was not affected by tariffs imposed by the United States (Congressional Research Service, 2026).

The response of foreign trade partners to the introduction of US tariffs in early April 2025 varied in scope. Canada introduced reciprocal tariffs projected to exceed 20 billion dollars by the end of 2025; these tariffs mainly covered steel, aluminum and automobiles (including automotive parts). The European Union adopted a comprehensive package of measures that included additional tariffs ranging from 4% to 30% on a wide range of US products. Mexico, in response to the introduction of tariffs, considered tariffs ranging from 5% to 20% on US goods but initially managed to negotiate a 90-day delay of tariffs on Mexican goods exported to the United States. China responded with additional tariffs ranging from 10% to 15% on goods such as automobiles, agricultural machinery, coal, and natural gas. In mid-May 2025, these rates were reduced following bilateral agreements between the two countries (Government of Canada, 2026).

US tariffs initially led to an increase in imports in the first quarter of 2025 compared to the first quarter of 2026; this increase amounted to around 25% and was a consequence of increased imports in anticipation of the announced tariffs. In other words, importers attempted to secure certain quantities of goods before the tariffs came into force (OECD, 2025). An increase in imports was also recorded in the period January–July 2026 compared to the period January–July 2025; this increase amounted to around 10% (UN trade and development, 2026).

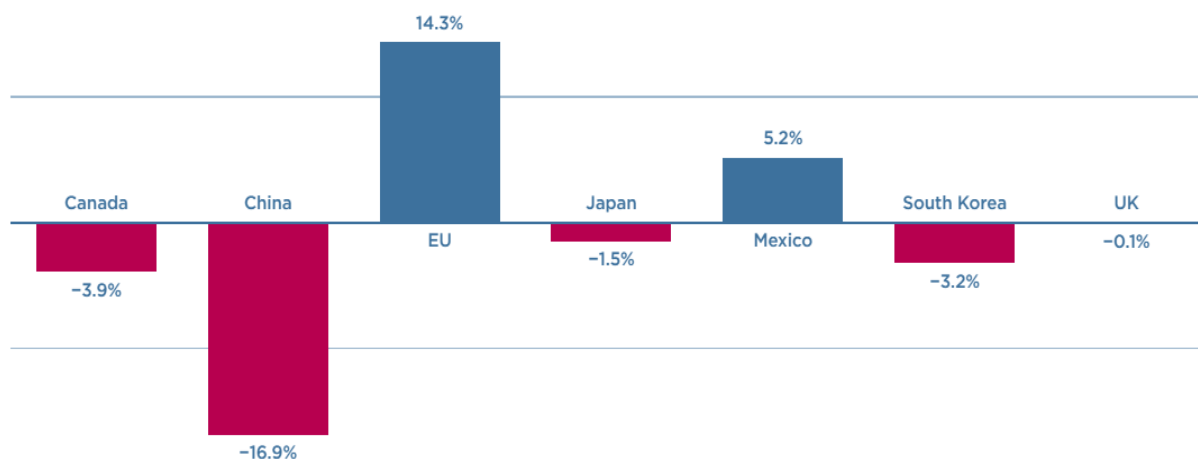


Chart 2: The increase/decrease in imports of US goods with some of the most important foreign trading partners.
Source: (US International Trade Commission, 2026).

When observing changes in US imports by individual trading partners, it can be concluded that imports from the European Union and Mexico in the period January–July 2025 increased compared to the same period in 2024 by 14.3% and 5.2%, respectively. On the other hand, imports from China, Canada, South Korea, and Japan decreased by 16.9%, 3.9%, 3.2%, and 1.5%, respectively. Imports from the United Kingdom slightly decreased.

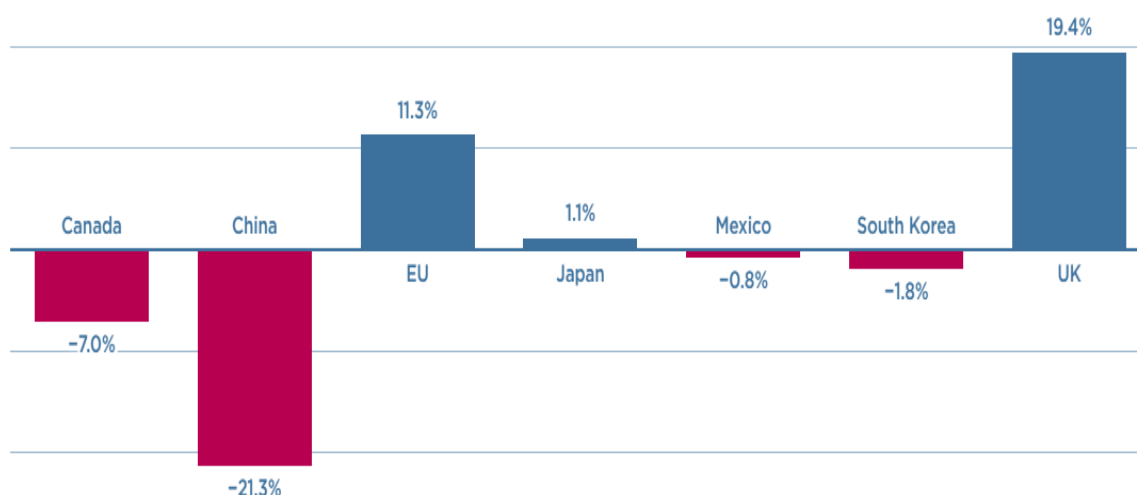


Chart 3: The increase/decrease in US merchandise exports with some of the most important foreign trade partners.
Source: (US International Trade Commission, 2026).

When observing changes in US exports by individual trading partners, it can be concluded that exports to the United Kingdom, the European Union, and Japan recorded an increase in the period January–July 2025 compared to the same period in 2024 of 19.4%, 11.3%, and 1.1%, respectively. On the other hand, exports from the United States to China, Canada, South Korea, and Mexico recorded a decline of 21.3%, 7.0%, 1.8%, and 0.8%, respectively. The effects of tariffs reflect their initial intention; from the presented data, it can be concluded that the main reason for the introduction of protectionist unilateral tariffs was the reduction of the merchandise trade deficit with China. The deficit with China is not the only reason for the introduction of such measures; namely, although nominal Gross Domestic Product is higher in the United States than in China, around 30 trillion compared to 20 trillion US dollars, the Gross Domestic Product of the two countries adjusted for purchasing power parity (PPP) is higher in China than in the United States (China's GDP PPP is between 1.34 and 1.37 times larger than that of the United States).

The epilogue of US protectionist tariffs occurred on February 20th 2026, when the Supreme Court of the United States declared the imposed tariffs unconstitutional. In its ruling, the Supreme Court stated that the administration cannot impose tariffs using the International Emergency Economic Powers Act (IEEPA) of 1977. Such and similar powers belong to the US Congress. With regard to the consequences of US tariffs, it should be emphasized that such measures, which violate the fundamental principles of the World Trade Organization, such as the principle of non-discrimination, as well as other principles such as that tariffs should only be introduced in cases where the domestic economy is

endangered and all other measures have been exhausted, directly affect trust and the business environment of international trade. These measures create an environment of uncertainty, panic, and forced countermeasures, which further disrupts trade relations between foreign trade partners. It should also be noted that the burden of such measures is also borne by consumers in the countries that introduced them; for example, consumers in the United States became less able to access certain technological products from China such as mobile phones (e.g. Huawei, Xiaomi, Redmi, Realme) and other devices after the introduction of tariffs (US Congress, 2026). These and other products, prior to the introduction of tariffs, had significantly lower prices compared to domestic American brands and represented a “good deal” for consumers. After the tariffs, US consumers were deprived of many products that either became completely unavailable or uncompetitive following the introduction of tariffs.

2.2. Global Conflicts and Their Implications for Foreign Trade Relations

The beginning of 2026 brought multiple challenges and pressures on foreign trade transactions caused by conflicts between allied countries (e.g., the United States and Denmark) and rival countries (e.g., the United States and Iran). In January 2026, the US administration expressed interest in the annexation of Greenland, citing national security and growing military competition in the Arctic against Russia and China. This was followed by a clear condemnation from the European Union and other countries, accompanied by mass boycotts of American products in Denmark. In this regard, an application called “Made O’ Meter” was created, allowing Danish consumers to identify US products on the shelves of retail chains. The founder of the application, Ian Rosenfeldt, reports that in the first three days of the crisis more than 30,000 downloads of the application on consumers’ mobile phones were recorded. In addition to this, other similar applications were developed, such as “UdenUSA” (NonUSA), with the same purpose (Quiroz-Gutierrez, 2026). Some applications also have the ability, when they identify that a scanned product originates from the United States, to suggest a Danish or European alternative to that product, based on artificial intelligence. Thus, although imports from the United States account for about 1% of Denmark’s total food imports, the boycott of products represents a direct result of tense foreign policy conflicts. After most European countries condemned the US position regarding Greenland, the United States threatened tariffs of 10% on goods from Denmark, Norway, Sweden, France, Germany, the United Kingdom, the Netherlands, and Finland. Since the European Union was actively preparing countermeasures in the form of tariffs, the entire rhetoric created risks for trade relations between the United States and the European Union worth 1.5 trillion dollars. Many experts in international relations believe that US intentions are based on American dependence on the supply of rare earth minerals from China, and that the United States, by seeking control over Greenland, is attempting to reduce that dependence. Regardless of how the conflict was caused, the consequences of the conflict and the introduction of US tariffs of 10% (planned for February 1st 2026) would most strongly affect Germany, since this country exports goods to the United States worth over 153 billion dollars. The German automotive industry would be the most affected, as it is already struggling with crises caused by cheaper cars from China. After Germany, the United Kingdom and France are also targeted, with exports to the United States worth 66 and 65 billion dollars, respectively.

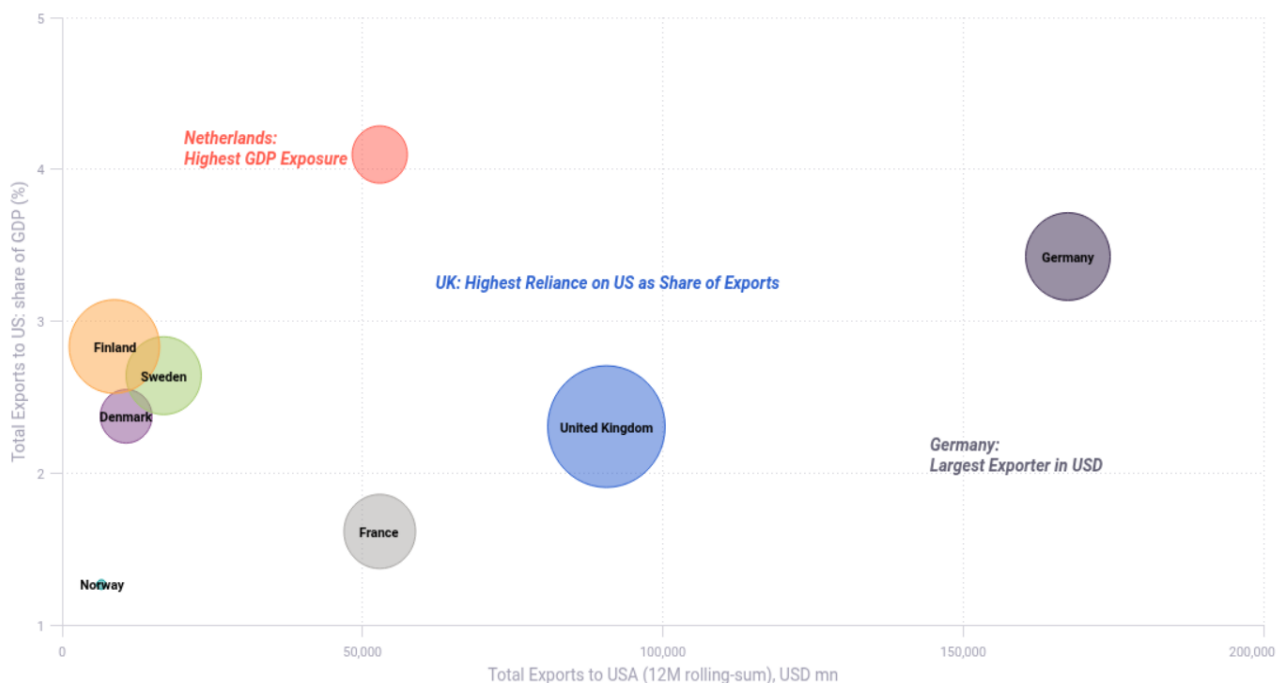


Chart 4: The relative importance of the exports of the "NATO-8" countries with the USA in absolute terms and as a percentage of GDP.

Source: (US International Trade Commission, 2026).

The introduction of additional 10% tariffs would, in absolute terms, cause the greatest damage to Germany, the United Kingdom, and France. However, when looking at the percentage that merchandise exports to the United States represent in the GDP of individual countries, it is clear that in this sense the most vulnerable country would be the Netherlands, followed by Germany and Finland. It should also be noted that these tariffs would carry additional weight for the United Kingdom, since its exports to the United States account for the largest share of total exports compared to all other “NATO-8” countries. The introduction of additional 10% tariffs would certainly lead to a reduction in the value of exports from “NATO-8” countries to the United States; it is possible that part of these exports would be redirected to their partners within the EU or to other markets. It should be noted that part of the burden would also fall on US consumers, since the United States is dependent on imports from “NATO-8” countries in categories such as transport equipment, which accounts for 32% of total US imports in this category from these countries, pharmaceuticals and medical products with 21%, chemicals and chemical products with 13%, vehicles with 11.5%, and food with an 11% share of total US imports. When considering all import categories from these eight countries to the United States, the US imports on average 9.34% of all products in all categories from these countries (“NATO-8”). The initial plan of the US administration was to introduce 10% tariffs on goods from the “NATO-8” countries, with the possibility of further increasing these tariffs to 25% in June 2026 if these countries did not align with US interests regarding Greenland. The World Economic Forum in Davos held on January 21st 2026 brought relief in this regard; following the forum, the US administration abandoned these tariffs (Deloitte, 2026).

Shortly after the Greenland crisis, international political and trade relations entered a new crisis caused by the US–Iran war, which began on February 28th 2026 and spread to almost the entire Middle East region. Immediately after the outbreak of the war, a large number of flights across the Middle East were canceled, with the total number of canceled flights estimated at 23,000, while those flights that were successfully operated became significantly more expensive due to costs caused by kerosene shortages and increased security risks. Countries that completely closed their airspace to traffic included Iran, Iraq, Kuwait, and Syria, while Israel, Bahrain, the United Arab Emirates, and Qatar imposed serious restrictions on air traffic. A vast number of logistical problems emerged almost immediately; on March 2nd 2026 the Strait of Hormuz, through which nearly 20% of global oil supply previously passed before the outbreak of the conflict, was completely blocked. A few days later, the price of oil on the world market exceeded 100 dollars per barrel (159 liters), reaching a peak of 119 dollars at one point. Before the closure, up to 14.22 million barrels of crude oil passed through the strait daily on average. In terms of exports, the most affected were Saudi Arabia, which exports 5.29 million barrels per day (37.2% of total exports), Iraq with 3.24 million barrels (22.8%), the United Arab Emirates with 1.83 million barrels (12.9%), Kuwait with 1.43 million barrels (10.1%), and Qatar with 630,000 barrels (4.4%) per day. On the import side, the most affected were China with total imports of 5.35 million barrels per day (37.7% of total oil imports), India with 2.09 million barrels per day, South Korea with 1.7 million barrels (12%), and Japan with 1.55 million barrels (10.9%). The European Union and the United States were not significantly affected by the crisis, since the EU imports only 530,000 barrels per day, which accounts for just 3.8% of its imports, while the United States imports around 360,000 barrels of crude oil per day, which represents only 2.5% of its total crude oil imports.



Chart 5: The movement trend of the exchange in price of crude oil and the impact of closing the Strait of Hormuz on it.
Source: (Trading economics, 2026).

From Chart 5, it can be concluded that the US–Iran war had a radical impact on the movement of crude oil market prices. Prior to the outbreak of the war, oil prices ranged around 60 (up to 70) dollars per barrel, while after the outbreak of the conflict the price per barrel exceeded 100 US dollars for the first time since the “Covid-19” crisis. The current price stands at 97.44 dollars per barrel. The crisis also affected the rise in prices of diesel, gasoline, and LPG in Serbia; at the beginning of April, the price per liter of diesel reached 217 dinars, gasoline 191 dinars, and LPG 105 dinars, marking the highest fuel price increase in Serbia since the “Covid-19” crisis.

In addition to oil and gas, the blockade of the canal could also significantly affect the export and price of construction materials, especially steel, aluminum, and copper. The research company “Linesight” states in its report that “Gulf countries produce about 9% of the global aluminum supply, mostly for export, while their production depends on imports of bauxite and alumina.” The report also concludes that “the disruption of gas supplies caused the shutdown of the only aluminum smelter in Qatar, which completely ceased operations the day after the blockade of the canal, while the aluminum smelter in Bahrain halted new deliveries.” Cement as a construction material is also affected due to rising production costs caused by higher energy costs and higher transportation costs. Cement production is energy-intensive, while cement itself is heavy to transport. Copper is also significantly affected, as half of the sulfur required for the production of sulfuric acid necessary for copper ore processing comes from Gulf countries. In other words, although Gulf countries do not produce copper, disruptions in prices and quantities are possible due to sulfur shortages, which arise as a byproduct of oil and gas production. The closure of the canal has also affected food supply in Gulf countries; the United Arab Emirates imports as much as 90% of its food, a large share of which comes through the Strait of Hormuz. However, due to their economic power, Gulf countries have the ability to use alternative routes in the form of air transport for food procurement. Qatar, as one of the Gulf countries, already has experience with the blockade from 2017, and therefore faced this blockade more prepared than other Gulf countries. Food production could also be affected by a reduction in the quantities of nitrogen fertilizers. Namely, one-third of key raw materials for the production of nitrogen fertilizers passes through this channel. Experts warn that a large part of the world’s population depends on synthetic fertilizers and that a disruption in the supply chain could cause turbulence in the food market and consequently lead to higher food prices. The semiconductor industry is also affected, as it is an energy-intensive industry. Large chip factories consume extremely large amounts of energy, so a longer-term disruption in energy supply can affect the supply of microchips and processors. The development and use of artificial intelligence is also affected, as data centers that power AI models rely on stable and relatively affordable energy supply. Any disruption in the functioning of the canal increases the operational costs of data centers. Energy is not the only issue that may arise for artificial intelligence due to the blockade; among the materials affected by the closure of the canal is helium, which is a key element in the production of the aforementioned chips. The shortage of this gas affects the operation of AI data centers through the chips that depend on it. In other words, although at first glance the blockade of the Strait of Hormuz appears to threaten the supply of certain energy sources, its impact would be felt across almost all industries, from construction and food production to semiconductors and the AI industry, which in its rapid growth consumes enormous amounts of energy. The conflict between the United States and Iran also caused a significant decline in stock prices, especially in the IT sector, as well as a drop in almost all major stock indices such as the S&P 500, which fell by 4.63% in the first quarter of 2026, the NASDAQ index, which fell by 7.11% in the first quarter, and the Dow Jones index, which fell by 3.58% in the first quarter of 2026 (Guerra & Kohen, 2026). The greatest cost of geopolitical and geoeconomic conflicts is borne precisely by end consumers and investors through higher prices of basic goods and low investment returns. These are only some examples of numerous global obstacles and conflicts which, due to their frequency and duration, have become more of a rule than an exception in the world of contemporary international business (Nuševa, Marić, Vukmirović, & Macura, 2023).

CONCLUSION

The analysis of international trade in the third decade of the 21st century shows that global trade has reached unprecedented levels in terms of both volume and structural complexity. Trade in goods and services continues to expand, with services increasingly accounting for a larger share of global exchanges, while leading economies such as the European Union, the United States, and China maintain dominant positions in both exports and imports. However, despite the overall growth and integration of global markets, the international trading system remains highly vulnerable to external shocks. The findings of this paper show that protectionist policies, particularly large-scale unilateral tariff measures, can significantly distort trade flows, alter import and export patterns, and create short-term trade reorientation effects driven by anticipation and uncertainty. Although such measures may be introduced with the intention of reducing trade deficits or strengthening domestic industries, their broader impact often includes increased market volatility and reduced predictability in international economic relations.

In addition to trade policy disruptions, geopolitical conflicts have proven to be a major source of instability in global markets. Energy supply shocks, particularly those created by closures of strategic transit routes, have wide-ranging consequences that extend far beyond the energy sector, influencing transportation costs, industrial production, food supply chains, and high-technology industries such as semiconductors and artificial intelligence infrastructure. These

disruptions further highlight the interconnectedness of modern global supply systems. The empirical evidence presented in this paper suggests that the costs of global instability are ultimately distributed across multiple actors, with end consumers and investors often bearing a significant share through higher prices, increased uncertainty, and lower investment returns. At the same time, global trade continues to adjust dynamically, with supply chains adapting and rerouting in response to new constraints and risks.

Overall, international trade in the contemporary period can be characterized by a dual tendency: continued expansion and integration on one hand, and rising exposure to political, economic, and geopolitical risks on the other. As a result, instability has become not an exception but regular part of the global trading system.

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