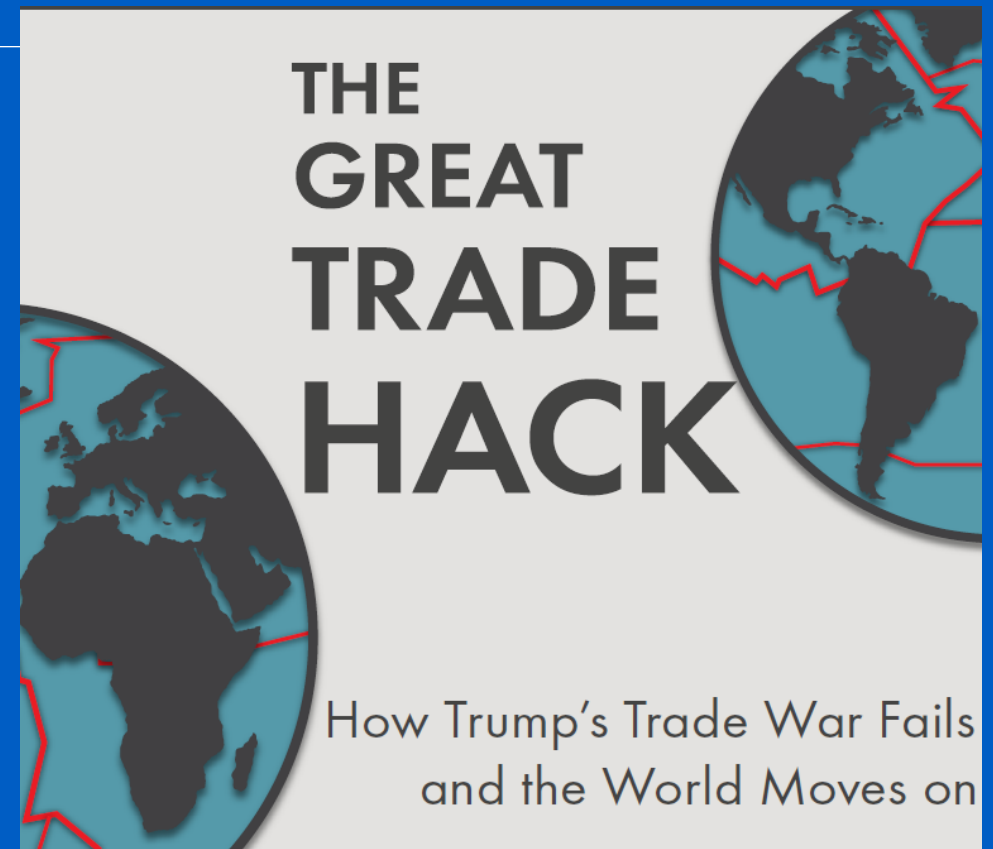


# Geoeconomics & investment: *Context, Strategy, Tactics.*

Richard Baldwin  
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4 September 2025  
Santiago (virtual)

**IMD** / Real learning  
Real impact

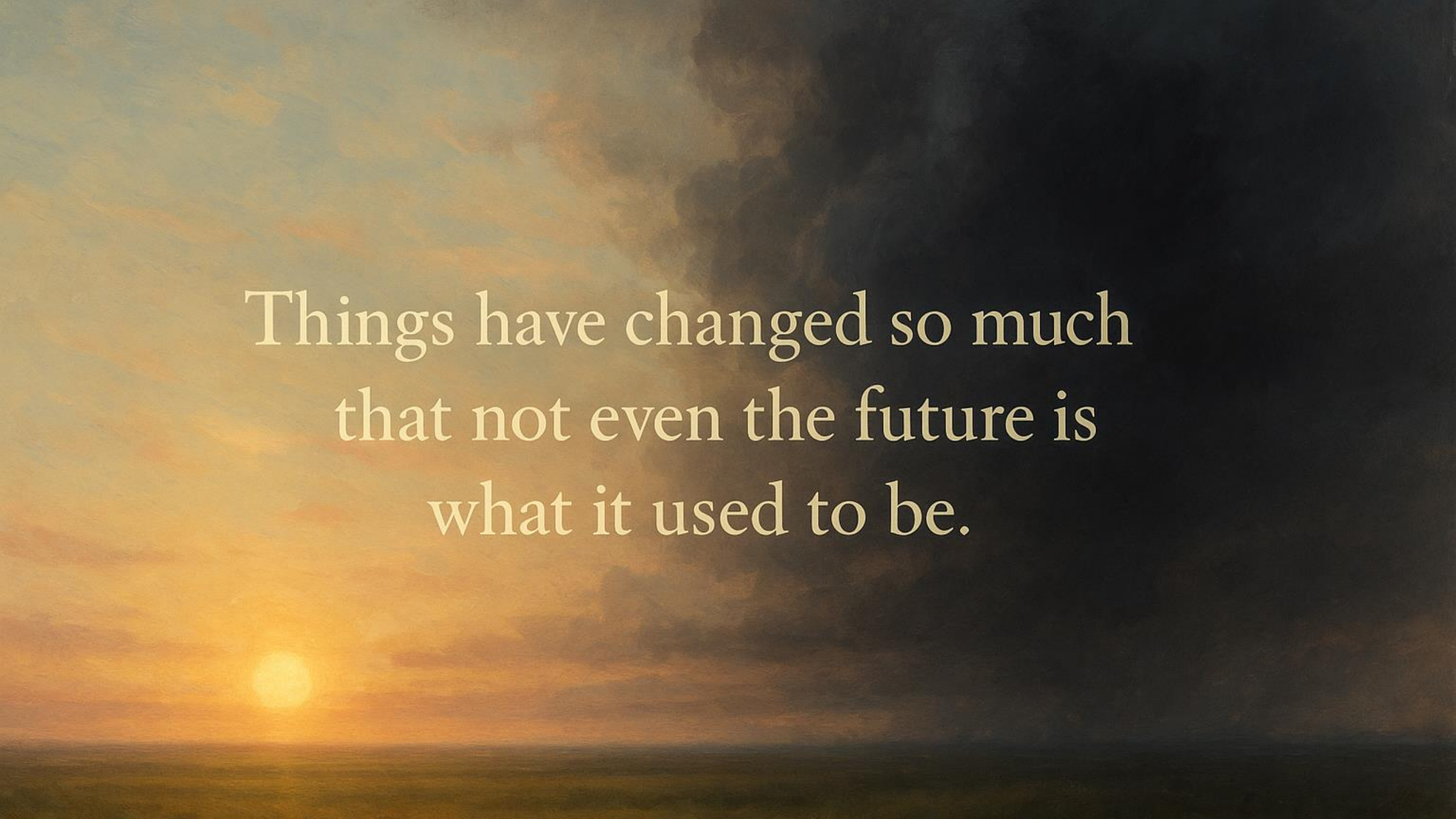


**RICHARD BALDWIN**

**IMD**

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Where are we on trade  
& how did get here?

The background of the image is a painting of a sunset or sunrise. A bright, glowing sun is positioned in the lower-left quadrant, casting a warm, golden light across the sky. The sky is filled with dark, heavy, and swirling clouds that contrast sharply with the bright light of the sun. The horizon line is dark and indistinct, suggesting a body of water or a distant land. The overall mood is somber and contemplative.

Things have changed so much  
that not even the future is  
what it used to be.



# Why are today's geopolitics so complex?

Cold War =  
checkers.



US superpower =  
Bingo.



3D chess =  
today's G-zero world..



# *Welcome to Ian Bremmer's G-zero world.*



Multipolar economic order:

1. Global power vacuum being filled.
2. Complex regional conflicts, shifting alliances.

# What changed? Root causes: 3+3 Facts.



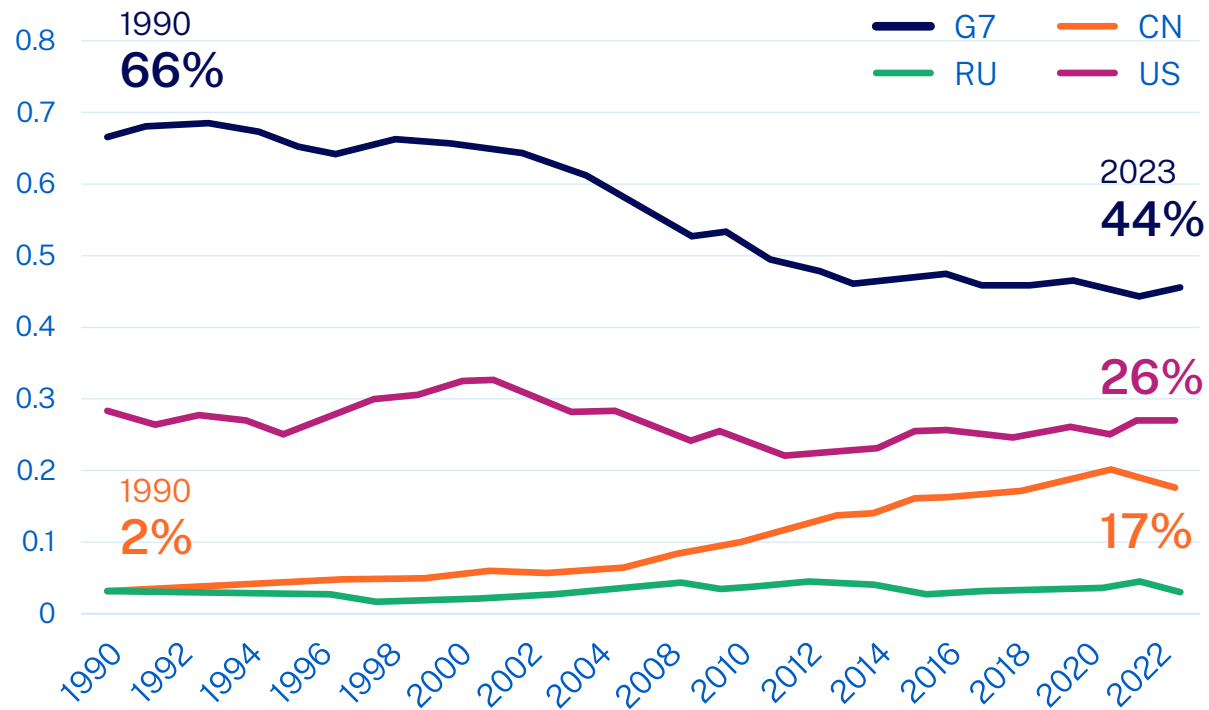
- 1 G7 global economic clout diminished; but “omelet” problem.
- 2 US middleclass backlash; US dropped global economic leadership.
- 3 US still military/security hegemony & banking/financial/dollar dominance.



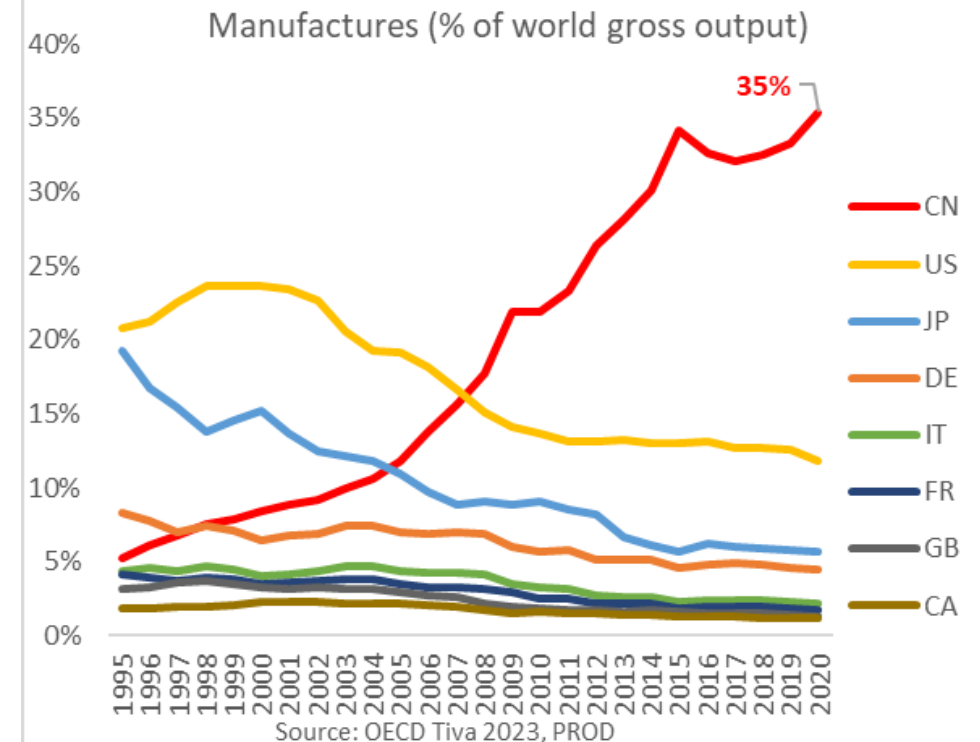
- 1 China becomes sole manufacturing superpower; critical to global supply chains.
- 2 China economic growth slows.
- 3 China sheds its panda costume; dragon emerges.

# 1. US & G7 economic clout falls vs China.

GDP (% of World), current dollars.



G7 loses world share that China gains.



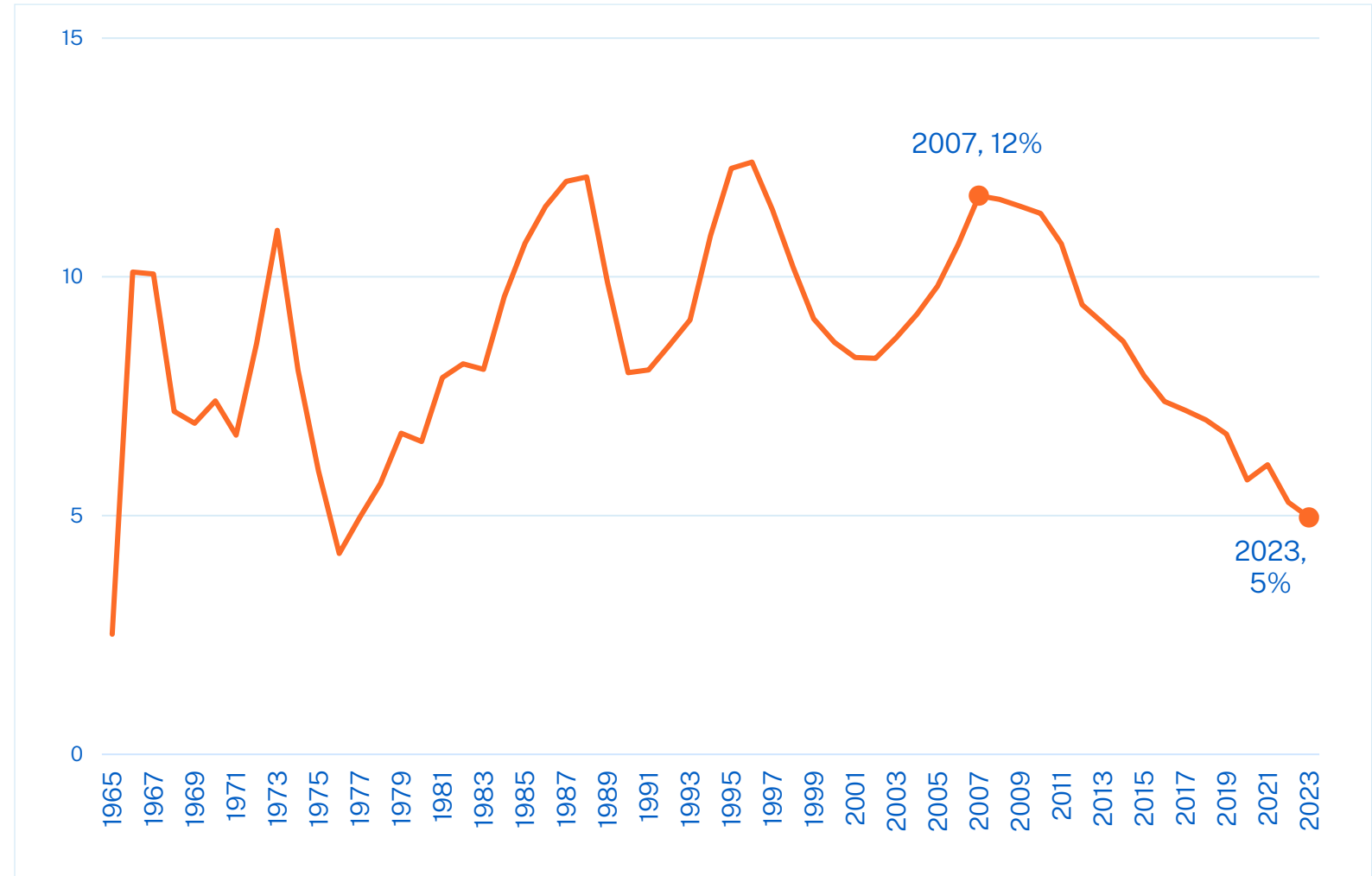


## 2. China growth slows.

CCP tightens grip on economy & society.



China real GDP growth (%), 5-year moving average (1965-2023).





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Navigate the Future:

Understand what  
Trump has done & why.

The post-American trade leadership era.



Before

After

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Trump's trade policy is  
economically incoherent,  
but  
emotionally coherent.

“Grievance  
Doctrine”



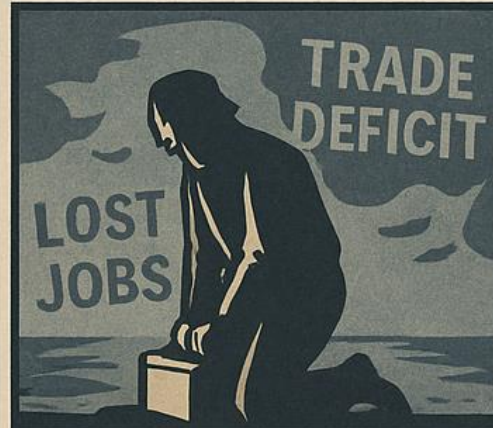
# THE GRIEVANCE DOCTRINE Myth



Played by the rules ...



& got played.



Humiliated



Jobs stolen

The Mandate



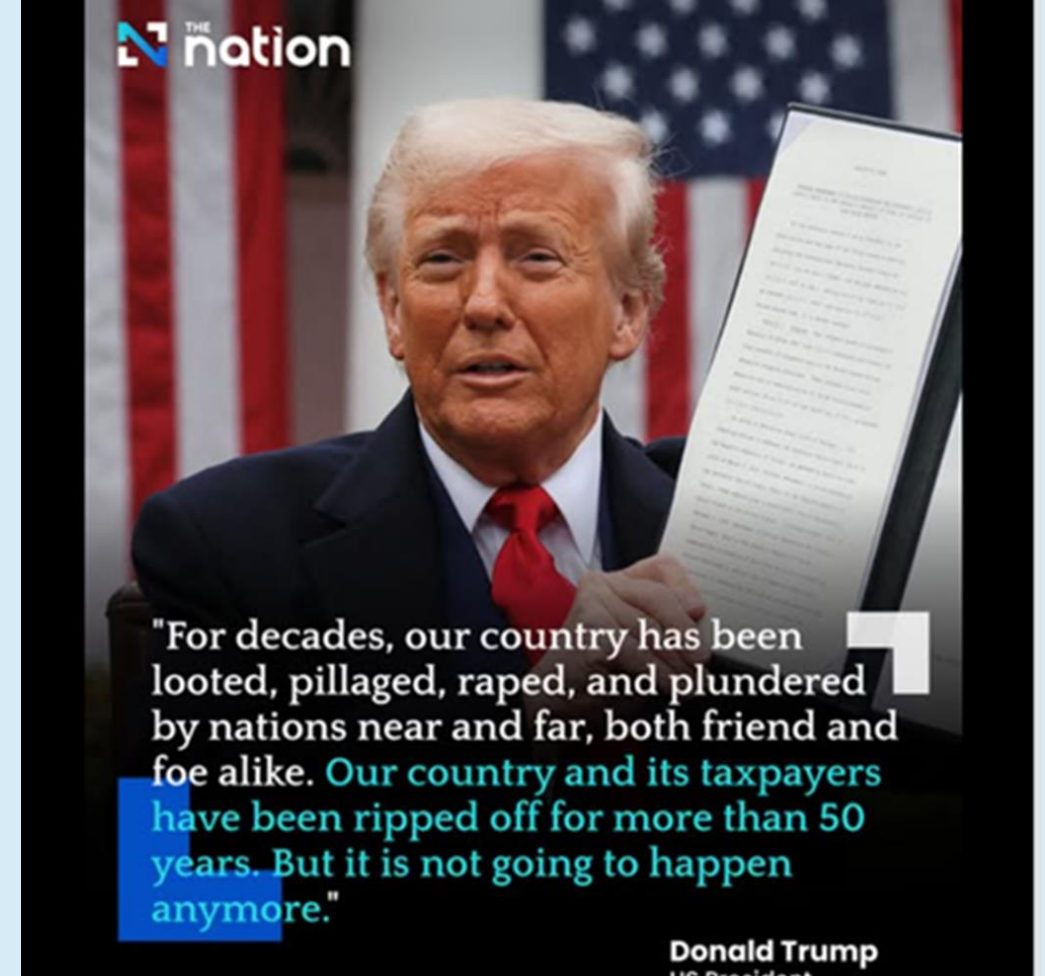
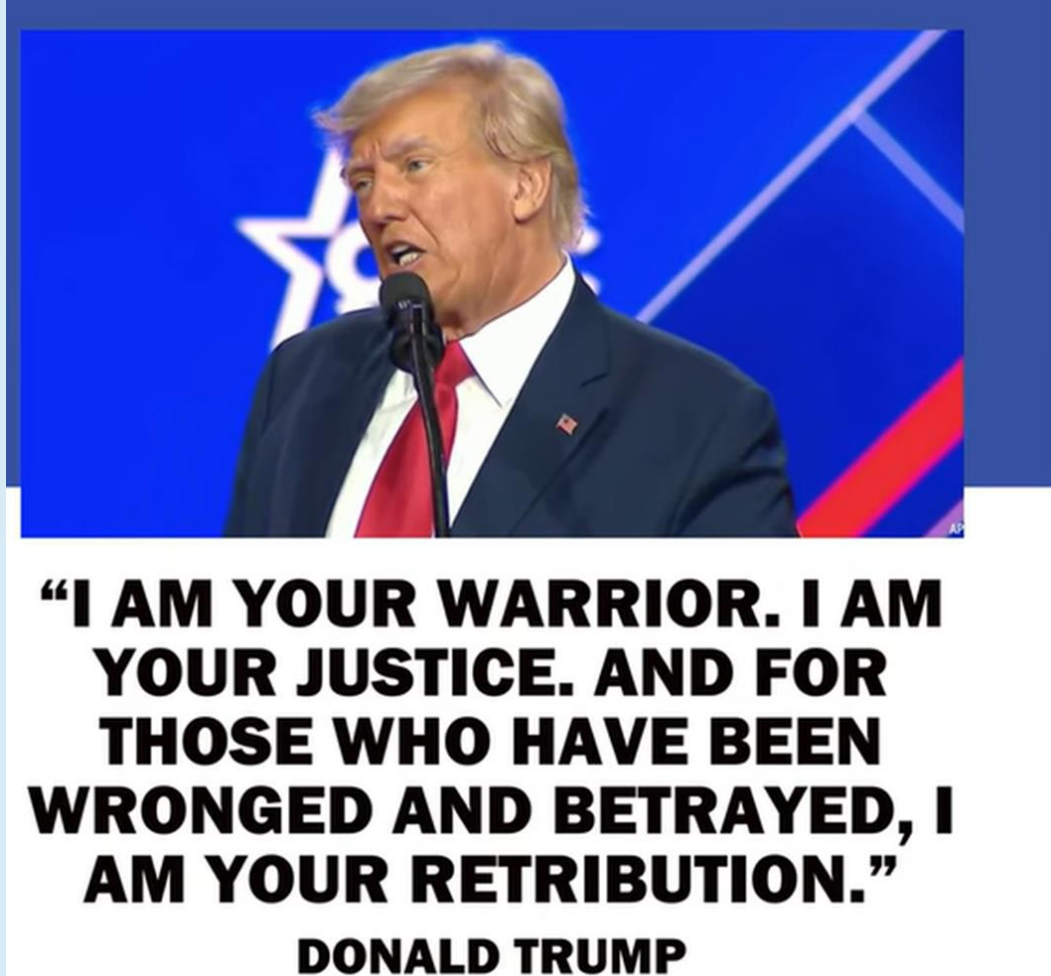
the steal. It's  
payback time.



**RETRIBUTION:** The bill is paid.



# Grievance-driven trade policy, not economic-driven trade policy.



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Why so little reaction  
of by US stock market?

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## My hypothesis:

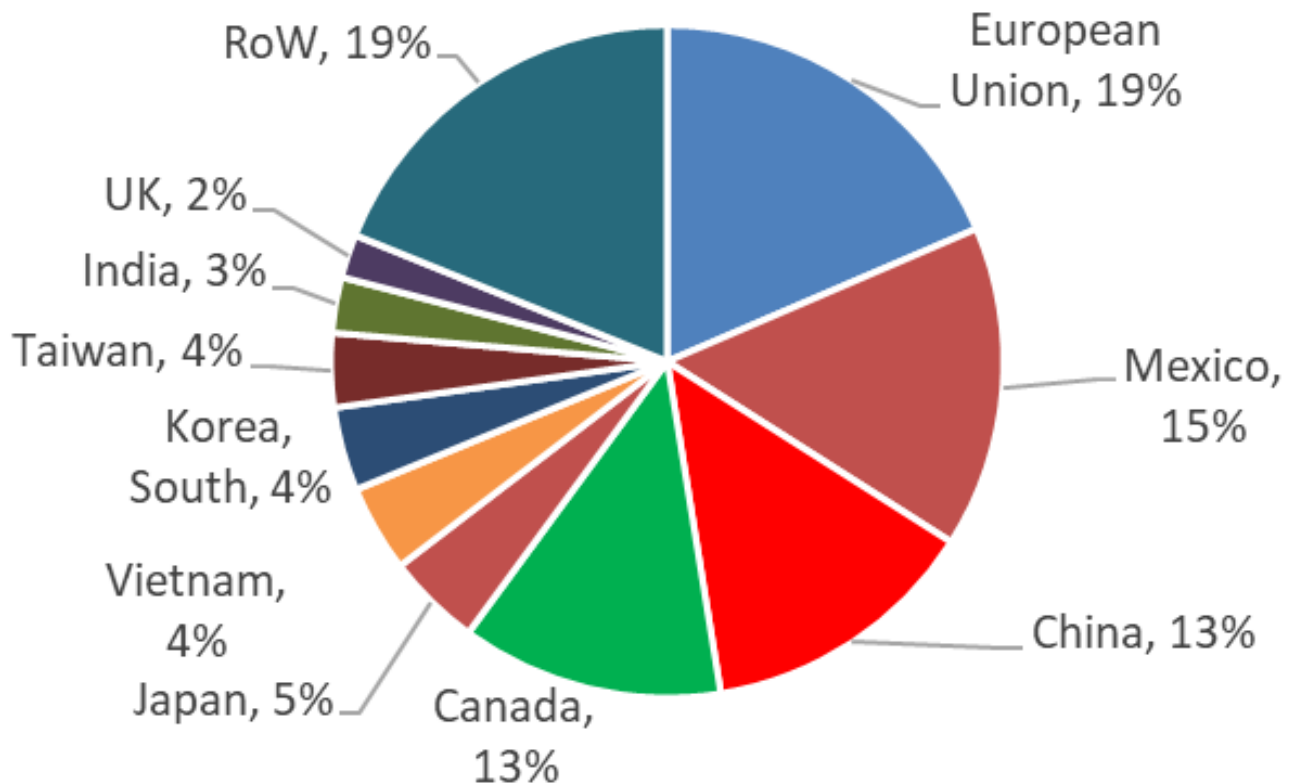
- 1) TACO.
- 2) Actual vs headline tariffs.

- TACO = Trump Always Chickens Out”  
⇒ President Trump: pragmatic not fanatic.
  - Step 1: Flashy, crazy announcements get massive media coverage;
  - Step 2: Rapid climbdowns on most damaging policies.
    - New TACO = Tariff-Announcement Climbdowns Obfuscated.

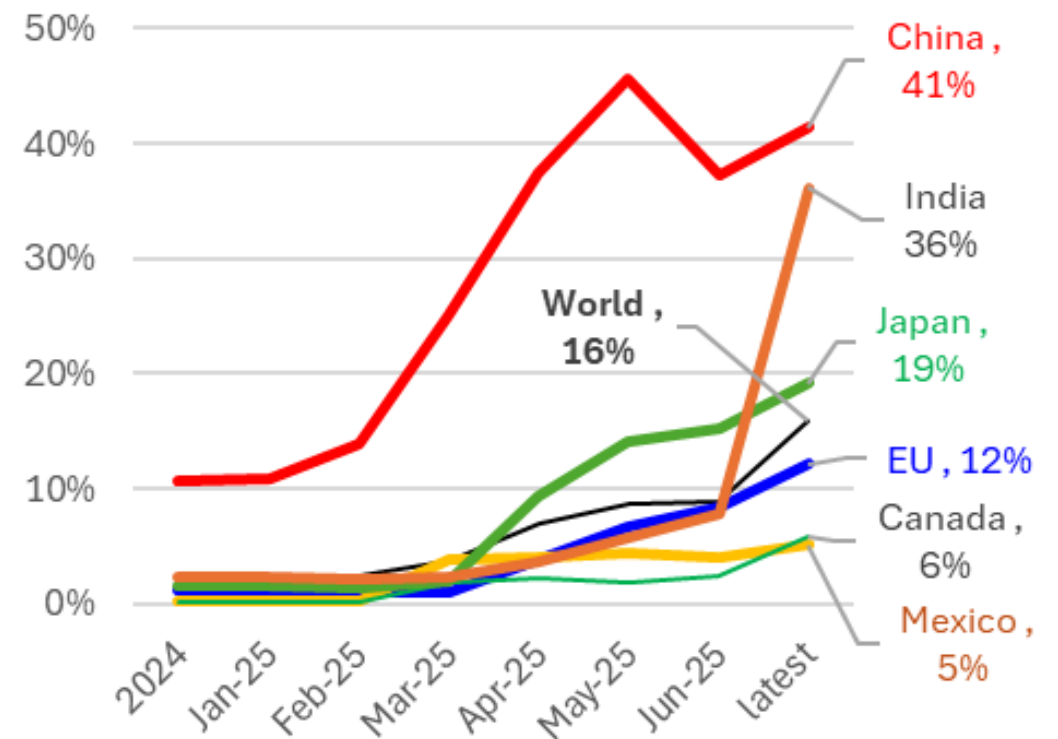
# US tariffs didn't rise that much since April.

- Since April, US average tariff rose from ~7% to ~16%.
- Why Headline vs Actual? 50% exempted. China's tariff fell; Canada & Mexico little change.

Shares of US goods import, 2024 (US Census data)



US average tariff rates, Dec 2024 to Aug 2025



Source: FitchRatings.com, Effective tariff rates, xls



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The future is  
unknowable but also  
inevitable.

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# Four Future Scenarios:

1. 1930s: “World War Trade”
2. Managed Multilateral Drift.
3. Fighting Trade blocs.
4. Reglobalisation Without America.

# Conjectures:

- No single trade leader.
- New coalitions will form; old ones expand.
- World goes to “Reglobalisation without America” scenario (via regionalism).



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End.

Thank you for listening.



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# Bonus slides

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# Transiting to unknown system.

- US is undermining its hard & soft power; its world trade share is falling & will fall further.
- China, India & other large emerging economics gaining status & power regionally.
- China fully countered US with export controls.
- The world has moved on; the fire didn't spread.

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# Challenges & opportunities.

- Balancing US & China.

Time is on your side:

- Prez Trump hobbled by the cost-of-living hit to his base.
- Midterm elections will hinder his power.
- GOP cohesion is fading.

# BRICS hit hard.

- Trumpian tariffs have hit the BRICS especially hard.
- Fewer exemptions.
- Higher headline rates.

Source: Fitch Ratings estimates.

	latest average tariff	Dutiable Imports as a % of Total Imports	US import share (2024)
World	16%	47%	100%
China	41%	86%	14%
India	36%	55%	3%
Brazil	27%	75%	1%
South Africa	17%	18%	0.4%