



# **US Economic Coercion and Global Pushback in a Fragmenting World Order**

**Narayan Saeel<sup>1</sup>**

## **Abstract:**

Beginning from Russia's inquiry in Ukraine in 2022 to present, the United States has heavily relied on economic instruments, like sanctions and tariffs, as well as military linked economic pressure as a tool of geopolitical coercion. The measures have been directed at adversarial regimes up until 2025, subsequently being extended towards strategic partners, including India and European Union. Taking insights from the theories of asymmetric interdependence, economic statecraft, and weaponised interdependence, this paper argues that the U.S. structural power over global trade, finance, and technology has been transformed into a coercive instrument of statecraft, allowing Washington to impose substantial costs on both foes and friends. Through comparative case studies, the paper analyses how the U.S. has sought to enforce political and strategic compliance by imposing sanctions on Russia and Iran, conditional sanction relief for Venezuela and subsequent capture of President Maduro, tariff escalations against India, and unprecedented tariff threats towards EU over Greenland. These measures have created short term tactical leverages, but simultaneously provoked adaptive responses and widened global divisions. Although the U.S. coercive capacity is enabled by unparalleled network centrality and dollar dominance, its aggressive deployment is accelerating trust erosion and creating new financial and trade systems. These dynamics signal a gradual shift away from unipolar economic governance toward a more fragmented and multipolar world order. The paper concludes that continued reliance on economic coercion by the U.S. raises profound implications for the future of dollar hegemony and global order in the twenty-first century.

**Keywords:** US Coercion, Global Fragmentation, Economic Coercion, Weaponized Interdependence.

## **Introduction**

As the unipolar world weakening and great-powers rivalry intensifying, the United States has increasingly relied on economic instruments to exert strategic leverage. Since 2022, Washington has imposed sanctions, tariffs, and other forms of financial restrictions to control global economic infrastructure to influence both

---

<sup>1</sup> Assistant Professor, Department of Economics, DCT's Dhempe College of Arts & Science; Research Scholar, Goa Business School, Goa University, Goa.



adversaries and allies. From the sanctions on Russia and Iran to tariffs threats directed towards NATO partners, U.S. Policymakers have used asymmetric economic power as a tool of coercion. Colombia and Denmark being the notable examples of President Trump's second term terror with threats of tariffs and sanctions if U.S. demands were resisted, highlighting that the allies were not immune to such coercions<sup>1</sup>.

This paper argues that such coercive measures work on the principles of asymmetric interdependence and economic statecraft, while generating a cumulative pushback that reshapes the global order. States adapt, retaliate, or diversify their options when threatened, pushing them away from a U.S. centric system, leading to an eroding American structural dominance. World drifting toward multipolarity is the backdrop and consequence of U.S. economic coercion. Using the theoretical foundations of economic statecraft, the paper reviews cases involving adversaries like Iran, Russia, and Venezuela, and allies like India and the European Union. The central paradox notes that the very structural power that enables U.S. coercion may accelerate its diffusion through overuse.

### **Conceptual Framework**

International relations theory provides important tools to understand the U.S. Economic Coercion. The theory of asymmetric interdependence conveys an idea that when two states are economically interdependent, but one relies more on the other than vice versa, the less dependent state can exercise dominance over the other (DaDalt & Park 2021). Hirschman and later Keohane and Nye highlighted this asymmetry in trade, finance, and resource flows which allow the less vulnerable state to take advantage or impose costs to avail concessions. This underpins economic statecraft which is defined as the use of economic instruments like sanctions, trade restriction, financial controls, etc. to achieve a specific objective. The US, being at the centre of global financial and trade networks, holds the power to exploit such asymmetry.

In contemporary global political economy, Farrell & Newman (2019) further the logic by theorising "weaponised interdependence". They argue that a highly networked system provides a structural power to the state in the central nodes. This is evident in the infrastructure of SWIFT (Society for Worldwide Interbank Financial Telecommunication) and dollar clearing mechanisms, where the US can control and monitor the networks and even deny access to them, transforming interdependence into a coercive leverage. This relies on Susan Strange's notion of structural power which captures the ability to shape the rules and channels of global economy to meet one's strategic interests. Such dynamics have enabled the US to freeze foreign reserves, disconnecting banks from international payment systems, and imposing export controls.



However, exercising such economic coercions come with limits and costs. Theories of economic coercion suggest that its success relies heavily on the vulnerability of the target and its ability to find alternatives. If the target state can diversify its partnerships and develop alternative and parallel systems, the leverage of the coercer diminishes. Moreover, coercion can provoke the target states to collaborate and coordinate to circumvent the coercer's aggression, where even the allies would seek greater autonomy to avoid future pressure. Overuse of interdependence as "weapon" could lead to weakening the very networks that provide the advantage. In this view, aggressive use of economic power may result in short term gains but contribute to long term fragmentation of the global order.

### **Case Studies: US Economic Pressure Tactics (2022 – Jan 2026)**

#### **Adversaries: Iran, Russia, Venezuela**

Iran: The US has maintained a strict sanctions regime on Iran, especially after the withdrawal from the Joint Comprehensive Plan of Action (JCPOA) in 2018. Both Biden and Trump administration have relied on secondary sanctions, financial isolation, and pressure on oil exports to curb Iran's nuclear programme and regional influence. In 2023, Washington also sanctioned Iranian state actors which were linked to domestic repression and military cooperation with Moscow. The US leverage extends even to the third parties, for instance, when the US ended oil waiver for countries like India, India agreed to abide by the decision (Atlantic Council, 2019). As of January 2026, Iran remains cut off from the western financial system and markets, it has adapted through sanctions evasion and alternative trade channels. The case shows that the US coercion imposed a major cost, but failed to cut Iran completely.

Russia: The US led response to Russia-Ukraine conflict along with its allies, freezing around \$300 billion of Russian Central Bank assets and cutting its major banks from SWIFT, becoming one of the largest sanctions campaigns in modern history (Council on Foreign Relations, 2025). They also imposed export controls on dual-use technologies and restricted energy trade. Later sanctions were broadened to sectors such as metal and enriched uranium with the intension of isolating Russia financially to constrain its war funding and degrade military capacity. Trump 2.0 retained this framework by Biden administration and later escalated the pressure by further threatening tariffs on states that continued trade with Russia, while sanctioning major Russian oil companies. Like Iran, Russia's case also demonstrates limits of economic coercion as even after imposing severe costs, Moscow adapted through alternative partners and trade routes.



Venezuela: The US economic coercions have also targeted smaller adversaries like Venezuela. The Trump administration has sharply increased sanctions on Venezuela in 2019 following Nicolás Maduro's contested re-election, effectively targeting *Petróleos de Venezuela, S.A. (PDVSA)* and restricting oil exports. The US tried to strangle Venezuela financially as oil accounted for most of the Venezuela's export earnings. These measures were deeply damaging and politically isolating. Under Biden, some flexibility emerged. Washington eased oil sanctions through temporary licence in October 2023, after an electoral roadmap agreement between the Maduro government and the opposition. This relief was explicitly conditional and reversible (Reuters, 2023). This case shows that sanctions weakened Venezuela's economy and pushed the government to negotiate, but it failed to remove Maduro from power, until military intervened under the operation Absolute Resolve (Curtis, 2026).

### **Allies: India and the European Union**

India: The US allies were not immune from its economic pressure. India is a clear example. Trump's first term intensified trade disputes with India, when Washington revoked India's GSP benefits and imposed tariffs on steel and aluminium, to which India retaliated in 2019 by imposing a tariff on the US products like almonds and apples, demonstrating that not every partner would passively absorb the pressure (Farmdoc Daily, 2019). The tensions further escalated after the Russia-Ukraine conflict, when US pressurised India to isolate Moscow. India, on the contrary, expanded its purchases of the discounted Russian oil, and maintained its greater strategic autonomy. The US hinted at possible consequences, which were not fully realised due to India's geopolitical value in the Indo-Pacific. In August 2025, Trump's administration imposed a 50% tariff on many Indian exports, threatening major export sectors and signalling a more openly transactional approach to alliances (India Briefing, 2025). This case shows that US coercions are no longer limited to adversaries, but are also used against partners, stripping them away from their autonomy.

European Union: The EU has also been a victim to the US coercions. Trump's first term saw tariffs on European steel and aluminium, to which Brussels retaliated with their own tariffs and a complaint to the WTO (Rhodium Group, 2025). This also contributed to the intellectual and institutional foundations of EU's Anti-Coercion Instrument. Under Trump's second term, tensions grew even further as Trump threatened broad tariffs on European Union, along with other trading partners, over strategic demands of defence burden sharing. The most dramatic episode happened in January 2026, when Trump threatened tariffs on several European countries unless Denmark sold Greenland to the US (Xinhua, 2026). European leaders condemned the demands stating that it was an attack on sovereignty. Brussels even prepared to use



the Anti-Coercion Instrument, describing the move as an extreme politicisation of tariffs. The EU case demonstrates how coercion can generate a strong institutional and political pushback even within the transatlantic alliance.

### **Geopolitical Responses: Pushback against the US Economic Coercions**

The US economic coercions have produced variety of counter-strategic responses across the globe from both the adversaries and the partners. These responses are uneven, but they are collectively reshaping the international system to a more fragmented structure compared to the previous US-centric economic order.

India's response to the US is a combination of tactical retaliation and a long-term strategic aim of diversification. When the US confronted India with tariffs on steel and aluminium, India imposed a counter-tariff on a range of US products including almonds and apples in 2019 (Farmdoc Daily, 2019). The Indian policy-makers frame the policies as legitimate reciprocal responses, signalling that India would not passively absorb economic pressure.

India also walks on the doctrine of strategic autonomy, seeking to maintain balanced relationships with multiple global powers. India continued to purchase defence equipment from Russia, including imports of discounted Russian oil even after pressure from the US (Sputnik India, 2025; The Moscow Times, 2026). This reflects India's emphasis on protecting self-interest even after pressure to maintain energy security and geopolitical flexibility, rather than completely aligning with the US.

India has also been working on diversifying its trade partners and sectors under the initiative of "Make in India" to reduce dependence on external supply chain and to strengthen domestic manufacturing industries. When the US tariffs reached 50% in 2025 on certain Indian exports, Indian businesses explored to relocate parts of their production to third countries like Mexico and doubled the efforts to access the European, Middle Eastern, and African markets (India Briefing, 2025). India, through these strategies, has sought to reduce its vulnerability to US coercions while maintaining cooperative ties with Washington.

Like India, the European Union retaliated to the US pressure by imposing its own tariffs on the American products and by initiating disputes within the WTO (Rhodium Group, 2025). EU has promoted greater international use of Euro to limit exposure to US coercions by strengthening the Euro dominated payment systems and increasing domestic control over financial reserves, including repatriating gold holdings previously held in the US (Mohammed K., 2025).

The EU has introduced legal tools to counter external economic coercions. The Blocking Statute prohibits European companies from complying with certain US extraterritorial sanctions, while the Anti-Coercion Instrument allows the EU to retaliate against the countries that use economic coercions (People's Daily Online, 2026). Though these mechanisms are limited in practice, they represent EU's efforts to defend its sovereignty. The Greenland episode saw the European leaders condemning the issue as violation of sovereignty and warned a coordinated retaliation if tariffs were implemented (People's Daily Online, 2026). This case shows that economic coercions by the US generate not only retaliation but a greater unity among US allies, against the US.

Russia has experienced heavy Western sanctions since the commencement of the Russia-Ukraine war in 2022. Moscow illustrated both structural as well as retaliatory adaptations. Russia counter-sanctioned Western agricultural products and used its energy exports as leverage to restrict natural gas flow to parts of Europe during the early stages of the war. Russia also tried to support its currency by demanding that the "unfriendly states" pay for gas in Rubles, attempting to reverse the sanction effect. Russia redirected its energy exports to China with the transactions taking place in the local currency. This increased the Ruble-Renminbi trade sharply in 2022 (Atlantic Council, 2024). Russia also adopted sanctions-evasion tactics like deployment of "Shadow Fleets" of tankers and opaque trading intermediaries to maintain oil exports (Atlantic Council, 2024). Russia has also tried to expand its trade with countries like India and Turkey.

Moscow has promoted greater cooperation with organisations like BRICS and the SCO, pushing for the development of payment systems and financial arrangements which are less dependent on the dollar. These measures have not completely nullified the sanction effects on Russia, but they have surely made Russia more resilient to the external pressure.

Iran is the classic example of long-term adaptation to economic coercions, where decades of sanctions have pushed Tehran to develop extensive mechanisms to evade restrictions and sustain economic activities. The central effort is the maintenance of oil exports through covert networks, "dark fleet" tankers, which disable tracking systems and conduct ship to ship transfers (Atlantic Council, 2024). Iranian oil is marketed under alternative origins through reflagging and falsified documentation, allowing it to reach the global markets despite formal embargoes (Atlantic Council, 2024). China has emerged as the largest purchaser of the Iranian crude oil (Atlantic Council, 2024). The payment normally takes place in Renminbi through financial institutions less exposed to the US sanctions, further being used to purchase Chinese machinery and industrial equipment or held as Yuan reserves (Atlantic Council, 2024).



While the US authorities continue to sanction entities involved in systems designed to circumvent financial restrictions (U.S. Department of the Treasury, 2025), like cryptocurrency mining, gold smuggling, barter trade, and the use of informal hawala networks to facilitate cross-border payments, enforcement has struggled to keep pace with the evolving methods of evasion.

Iran has geopolitically strengthened its ties with Russia and China seeking greater participation with organisations like BRICS and SCO. Though sanctions have severely damaged Iranian economy, Iran's experience demonstrates the long-term adaptation and survival, minimising the effectiveness of the coercions (Atlantic Council, 2024).

### **Implications**

The US economic coercions and global pushback have several implications for the global system.

**Erosion of Dollar Hegemony:** The clearest of them all is the growing efforts of all the targeted states to reduce dependence on the US dollar. The dollar's role as the reserve currency and the currency for global transactions had solely rested on trust in US financial leadership (Mohammed K., 2025). This trust has been weakening due to Washington's repeated use of the dollar system as a coercive tool. As a response to it, BRICS and other powers have promoted local-currency trade and openly advocated a balanced financial order (Mohammed K., 2025). The trend got accelerated after the exclusion of Russia from SWIFT (Mohammed K., 2025). Though dollar remains dominant, its overuse as a coercive tool is encouraging others to seek alternatives (Mohammed K., 2025).

**Fragmentation of Global Economic Order:** US coercions are also increasing fragmentations in the global trade and financial networks where one bloc remains centred with the US and its allies, the other is drifting towards Russia, China, and non-western alternatives. Many Global South states are pledging non-alignment, at the same time building mechanisms that reduce exposure to the Western pressure. It is not a full decoupling, but a more divided global order, where finance, technology, and energy flow are increasingly shaped by geopolitical alignments (Institute of Geoeconomics, 2025).

**Multipolarity and the Limits of Coercive Dominance:** The developments point towards a more multipolar international system, where Russia, Iran, India, as well as the EU have responded to the US coercions in a way that reduce the US influence over time. The coercions have generated short-term leverage, but not a decisive compliance, suggesting a diminishing returns to unilateral economic coercion. As more states seek



alternatives to resist pressure, the global leadership becomes more contested (Mohammed K., 2025). This is visible in the growing weight and visibility of BRICS (Mohammed K., 2025).

Risks to the Liberal Order: The broader danger of repeated weaponisation of trade, finance, and technology is that it may erode the norms of liberal economic order. Sanctions and Tariffs, including the ones on allies, and competing financial systems weaken confidence in multilateral rules and promote a more mercantilist logic of power politics. While some argue that a more multipolar order could eventually force greater restraint and reforms, continued overreliance on coercion may instead accelerate fragmentation and weaken the trust on the US leadership (Mohammed K., 2025).

In summary, the US economic coercion is producing a paradoxical outcome, as it provides a short-term tactical leverage, but a greater de-dollarisation, strategic autonomy, and institutional alternatives in the long run. The world is not yet post-American, but is slowly moving away from the US centred economic governance.

## **Conclusion**

The pattern of US coercions from 2022 to 2026, ranging from sanctions on adversaries to tariffs and financial pressure on allies, reveals a central tension evolving global order. The US has demonstrated considerable power of its geoeconomic tools, to leverage dominance in financial networks, technology, and trade to impose substantial costs on targeted states. From the theories of asymmetric interdependence and networked economic power, these strategies have put a significant economic pressure on the Russia, Iran, and Venezuela, while clearly signalling allies such as India and the EU regarding non-compliance.

These successes for the US are limited as they have also generated growing global pushbacks. States are increasingly retaliating against these coercions, diversifying their partnerships, and constructing alternative systems to reduce exposure to the US pressure. "Weaponised Interdependence" suggest that control over central nodes in global economic networks allow powerful states to exercise coercive influence through surveillance and chokepoint control over financial and trade flows, however, such strategies promote countermeasures that gradually weaken the very network advantage on which they rely. Over time, these result in the erosion of the structural foundations of US economic dominance, including dollar centrality and allied cohesion.

When employed selectively and multilaterally, economic coercion can be an effective instrument of statecraft. But when applied broadly and unilaterally, including against close allies, it risks increasing the



diversification and institutional alternatives reducing the US influence. This puts the US policymakers at a strategic crossover. The fragmenting world order examined in this paper is a result of US coercive strategies.

For the broader international community, these developments highlight the need to construct mechanisms that limit the weaponisation of economic interdependence and protect states from coercive economic pressure. The current tussle between the US economic coercion and the global pushback reflects a deeper transition toward a more multipolar international system. As noted by an observer, “The reality is the world isn’t walking away from the US – it’s walking toward itself” (Mohammed K., 2025), suggesting the world seeking a more balanced and global economic order. Whether this transition produces cooperative multipolarity or heightened geopolitical rivalry will depend on how major powers adapt to the changing distribution of economic power.

## References

- Atlantic Council. (2019). U.S. oil embargo stalls Iran–India energy relations. <https://www.atlanticcouncil.org/blogs/iransource/us-oil-embargo-stalls-iran-india-energy-relations/>
- Atlantic Council. (2024). The axis of evasion: Behind China’s oil trade with Iran and Russia. <https://www.atlanticcouncil.org/blogs/new-atlanticist/the-axis-of-evasion-behind-chinas-oil-trade-with-iran-and-russia/>
- Chachko, E., & Newman, A. L. (2025). Building norms of economic coercion. *Journal of International Economic Law*, 28(3), 542–559. <https://doi.org/10.1093/jiel/jgaf035>
- Council on Foreign Relations. (2025). Three years of war in Ukraine: Are sanctions against Russia making a difference? <https://www.cfr.org/in-brief/three-years-war-ukraine-are-sanctions-against-russia-making-difference>
- Curtis, J. (2026, January 6). The US capture of Nicolás Maduro (Research Briefing CBP-10452). House of Commons Library. <https://commonslibrary.parliament.uk/research-briefings/cbp-10452/>
- DaDalt, A., & Park, S. H. (2021). Asymmetric interdependence and the politics of energy in Europe: Hirschman’s ‘influence effect’ redux. *Journal of International Relations and Development*, 24, 101–127. <https://doi.org/10.1057/s41268-020-00184-x>
- Farrell, H., & Newman, A. L. (2019). Weaponized interdependence: How global economic networks shape state coercion. *International Security*, 44(1), 42–79. [https://doi.org/10.1162/ISEC\\_a\\_00351](https://doi.org/10.1162/ISEC_a_00351)
- Hirschman, A. O. (1945). *National power and the structure of foreign trade*. University of California Press.



India Briefing. (2025). U.S. tariff on India: Navigating 50% tariff rate and trade rules. <https://www.india-briefing.com/news/us-india-tariff-50-percent-new-rules-impact-exporters-39458.html>

Institute of Geoeconomics. (2025). The dollar paradox: Toward a bifurcated currency order? <https://instituteofgeoeconomics.org/en/research/20250507/>

Keohane, R. O., & Nye, J. S. (1977). Power and interdependence: World politics in transition. Little, Brown and Company.

Mohammed, K. (2025, July 16). Trust in the U.S. is eroding. The question isn't if the dollar will lose supremacy—it's when. The Guardian. <https://www.theguardian.com/global-development/2025/jul/16/trust-in-the-us-is-eroding-the-question-isnt-if-the-dollar-will-lose-supremacy-its-when>

People's Daily Online. (2026, January 19). Trump's tariffs threat over Greenland sparks EU pushback. <http://en.people.cn/n3/2026/0119/c90000-20415899.html>

Reuters. (2023, October 18). U.S. broadly eases Venezuela oil sanctions after election deal. <https://www.reuters.com/world/americas/us-easing-venezuela-oil-sanctions-response-election-deal-official-2023-10-18/>

Rhodium Group. (2025, January 16). Trump and the Europe–US–China triangle. <https://rhg.com/research/trump-and-the-europe-us-china-triangle/>

Sputnik News. (2025, June 6). Bharat stands firm with Russian weapons despite U.S. pressure. <https://sputniknews.in/20250606/bharat-stands-firm-with-russian-weapons-despite-us-pressure-9237886.html>

The Moscow Times. (2026, March 7). India says it will continue buying Russian oil, rejects need for U.S. permission. <https://www.themoscowtimes.com/2026/03/07/india-says-it-will-continue-buying-russian-oil-rejects-need-for-us-permission-a92148>

U.S. Department of the Treasury. (2025). Treasury increases pressure on Iran's sanctions-evading shadow fleet. <https://home.treasury.gov/news/press-releases/sb0341>

University of Illinois. (2019). The U.S. trade war reaches India. farmdoc daily. <https://origin.farmdocdaily.illinois.edu/2019/06/the-us-trade-war-reaches-india.html>

**Publisher's Note:** *The views and opinions expressed in this article are solely those of the author(s) and do not necessarily reflect those of the publisher, editors, or the editorial board.*