

## **Re-bordering the Economy: The Return of Territorial Sovereignty in Economic Governance**

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### **Abstract**

This study explores the resurgence of territorial sovereignty in economic governance, specifically at the rise of the phenomenon of 'economic rebordering,' which began after 2016. In the context of decades of globalization, however, the rise of recent political realignments, such as the Trump administration's 'America First' policy agenda, has devolved national control of economic policy, trade, and investment. The study explores how sovereignty evolves from traditional political or military definition into the essence of economic autonomy and regulatory control. The study is a demonstration using content analysis of key U.S. policy documents, media narratives and think tank publications, that economic sovereignty—primarily conceptualized as a reliance on domestic sources for critical inputs and membership in comparative advantage production chains as the new primary axis of national power and is institutionalized through mechanisms such as tighter foreign direct investment reviews, domestic production mandates and digital trade barriers. The study combines three intellectual strands, geo-economics, sovereignty theory, and new institutionalism, to offer a nuanced explanation of how states strategically redefine sovereignty discourse and governance structures to address global economic challenges. The study shows a dramatic ideological and practical turn with far-reaching consequences, both for multilateralism and the future of international cooperation.

**Keywords:** Economic rebordering, Territorial sovereignty, Economic nationalism, Geo-economics, Sovereignty theory, Foreign direct investment (FDI).

**JEL Codes:** F13, F21, H11, P16, F50 & B52

### **1 Introduction**

Over the past decades, the framework of globalization has dominated the understanding of international economic relations and stressed trade liberalization, open borders, and supranational governance (Baylis et al., 2020). Although recent political and economic developments produced a countervailing trend, such as economic rebordering, which is a deliberate reassertion of national control over economic flows, production, and policy making (Lee, 2019). Economic rebordering marks the return of economic nationalism, and states are prioritizing domestic industries, enforcing strategic autonomy, and treating sovereignty as a central tenet of economic rule (Leonard et al., 2019). After the election of Donald Trump in the United States and similar nationalist movements

across Europe, Asia, and Latin America show a pronounced momentum for this economic rebordering transition (Saliya, 2025). According to Löfflmann (2019), Jeffers (2021), in the era of Trump's "America First" doctrine, the U.S. government has redefined globalization as a source of threat to national economic security, making protectionist measures, reviving of industrial policy, and stricter immigration and investment controls legitimate (Löfflmann, 2019, Jeffers, 2021). These developments suggest a discursive transformation as well as a policy shift, and sovereignty is increasingly discussed in economic, not political or military terms (Davies, 2021).

### **1.1 Problem Statement**

Amid rising geopolitical tensions and post-2016 populist shifts, states are increasingly reclaiming economic sovereignty through policies that challenge global trade norms. Despite this trend, there is limited conceptual clarity on how sovereignty is being redefined and institutionalized in economic governance, leaving a gap this study seeks to address.

### **1.2 Knowledge Gap**

Despite the plethora of existing literature on globalization and the rise of nationalism, few have analyzed from a holistic perspective how the idea of sovereignty is being reconstructed and reconfigured via economic policies, rhetoric, and governance structures (Kallis, 2018; Tekinirk, 2020; Steger and James, 2019). Therefore, this study fills this gap by considering how economic discourse invokes and reshapes territorial sovereignty, particularly via a content analysis of U.S. policy documents, media narratives, and think tank publications since 2016. It examines how far these changes affect the reconfiguration of sovereignty and transform global economic governance norms.

### **1.3 Research Aims and Propositions:**

This study seeks to trace the trajectory of the shift of sovereignty discourse towards an axis of economic sovereignty as the key axis of national power. The study suggests that this discursive shift is not only rhetorical, but it is translated into real governance changes that amplify state-led control of the economy. The propositions for the study are as follows:

1. **P1:** Trump's economic agenda is a departure from multilateralism to reinforce unilateral economic nationalism.
2. **P2:** Increasingly, the narrative of sovereignty is based on economic autonomy and control, rather than classical political or military self-rule.
3. **P3:** Restrictive capital controls, skepticism towards Foreign Direct Investment (FDI), and rising anti-outsourcing sentiments are all evidence of re-bordering efforts.

### **1.4 Empirical Predictions**

The following empirical predictions are offered, based on current observable policy and regulatory trends concerning these propositions:

1. **Prediction 1:** FDI into the United States is subject to increased bureaucratic scrutiny, including lengthened national security reviews.
2. **Prediction 2:** Instead of as a consumer preference, the “Made in America” initiative is reframed as a regulatory or compliance mandate for firms.
3. **Prediction 3:** Digital services, including those crossing borders, are increasingly pressured to localize data and face digital trade barriers as a digital extension of economic rebordering.

### **1.5 Contributions and Significance**

Empirically illustrating evolving meanings and practical implications of economic sovereignty in the post-globalization era, this study is a contribution to the interdisciplinary fields of international political economy, economic policy, and sovereignty studies. However, while many studies analyze and treat sovereignty as a static legal concept (Núñez, 2024, Bifulco and Nato, 2020, Shi and Xu, 2021), this study focuses on sovereignty as a discursive and strategic flexible concept, demonstrating that states actively re-method the meaning of sovereignty to fit changing geopolitical and economic contexts.

Moreover, this study holds significance due to its timely exploration of a world ideological shift, which is beginning to dictate the terms of trade, investment, and digital governance. This study also decodes the rhetoric and policy frameworks regarding economic rebordering to help scholars, policymakers, and practitioners understand how nationalism becomes institutionalized through economic governance. At the same time, it also prompts important normative questions regarding the future of multilateralism, the dangers of splintering along global trade lines, and what they promise for the future of international cooperation.

## **2 Literature Review & Theoretical Framework**

In recent years, the shifting dynamics of global economic governance demand a reassessment of how states conceptualize and operationalize sovereignty (Lang, 2024; Beugelsdijk and Luo, 2024). Based on three interrelated theoretical traditions, Geo-economics, Sovereignty Theory, and New Institutionalism, this study explores the emerging paradigm of economic rebordering (Lind, 2019; MacCormick, 2018; Peters, 2019). Collectively, they provide a holistic view of the means through which economic sovereignty is created, justified, and embedded into current governance arrangements. International political economy theory is beginning to return to a critical lens of geo-economics, using economic instruments for strategic purposes in pursuit of national interests (Haroche, 2023). It rejects the liberal assumption that markets are impersonal and separate from state power, and argues instead that economic tools such as tariffs, sanctions, industrial policy, and capital controls are instruments of geopolitical strategy. Geo-economics logic is central to the post-2016 political landscape, particularly the Trump administration, and economic interdependence is thought of not as a mutual benefit, but as a vulnerability to be managed (Güneylioğlu, 2022).

This study addresses this gap by utilizing geo-economics to show how economic rebordering, though at times counterproductive to a national economy which is an intentional strategic effort to reclaim control over supply chains, investment flows, and market access. To provide an explanatory basis for the array of "Made in America" mandates, screening of foreign direct investment (FDI), and the promotion of resurrecting manufacturing, it shows how economic realms have turned into terrains of geopolitical contestation.

Sovereignty, traditionally understood as the supreme authority of a state over its territory, law, and population, is traditionally rooted in Westphalian principles (Behera, 2020). While the emergence of economic nationalism has led to a rearticulated concept of sovereignty which privileges economic autonomy and regulatory control over the traditional political-military delineation (Kallis, 2018). Sovereignty theory is approached in an interpretative study to account for the path that sovereignty discourse has taken to center control over economic flows, capital, goods, and data as the mandating aspects of a nation's power (Walker, 2020). This reconceptualization has significant implications. Political authority no longer guarantees the byproduct of economic sovereignty (Martin, 2022). Now it is often the leading axis by which sovereignty is satirized and performed. Increasingly, in the realm of policy rhetoric, sovereignty is defined in economic terms, demeaning global trade, outsourcing, and foreign ownership as threats to national integrity (Mullan, 2020). Through content analysis of U.S. policy documents and media, this study examines these shifts in discourse and demonstrates how economic regulation has become a locus of sovereign performance and protection.

Discursive transformations are crucial to understanding the rise of economic sovereignty, but they need to be set in the institutional contexts that make them meaningful (Chrysosgelos, 2020). New Institutionalism provides the lens through which institutions formal rules, bureaucracies, and norms are captured as agents of conduct and influence through the mediation and internalization of macro-level ideational change (Bouzarovski et al., 2024). This study examines how economic rebordering becomes institutionalized through regulatory reforms, procedural redesigns, and normative shifts within state apparatuses in terms of New Institutionalism. For example, the linkages between economic and national security have recently become more formalized, with institutions, including the Committee on Foreign Investment in the United States (CFIUS), extending their mandates to incorporate economic security concerns, while new laws dictating supply chain localization and data sovereignty illustrate the growing commitment to economic nationalism by the institutions charged with governing them (Wakely and Indorf, 2018). This study illustrates further ways that economic rebordering is more than a transitory political phenomenon, but the continuation of a structurally embedded trend in governance.

These three frameworks together provide for a multi-layered understanding of economic rebordering. Through its lenses, geo-economics uncovers the strategic rationale for state actions; Sovereignty Theory reveals the evolving conceptual vocabulary used to justify and legitimize those actions; Sovereignty Theory focuses on the expanding conceptual vocabulary laundered to

legitimize and justify those actions; and New Institutionalism defines how such ideational shifts are embedded into policy and organizational practice. The integrated theoretical framework permits robust analysis of the propositions put forward in this study. This corroborates the claim that (1) Trump's economic policy is a paradigm shift from globalist dogma; (2) sovereignty is increasingly defined in economic rather than political terms. First, sovereignty is increasingly defined in economic rather than political terms. Second, rebordering is materially expressed through policy tools meant to restrict foreign influence and restore domestic economic control. Placing this inquiry in these interlocking theoretical traditions, the study explores the more general questions of globalization's transformation, the future of multilateralism, and how the role of the state is reasserted in economic governance.

## **2.1 Globalization to Nationalism**

An era of increased globalization is characterized by the late 20th and early 21st centuries, notably through the growth in global economic relations, free trade, and the rise of supranational institutions. However, the last decades have been characterized not by the departure of economic ideology, but rather a shift towards economic nationalism and the reassertion of state territorial sovereignty as the venue for economic affairs. This literature review critically explores how the academic debate on the transition to IASB standards is framed, key debates are identified, empirical findings are described, and key theory developments are considered.

### **2.1.1 The Ebb and Flow of Globalization**

Maurice Obstfeld (2021) gives his perspective on the history of the globalization trajectory in terms of its cyclical nature, expansion, and contraction. He says that, during the post–World War II era, especially within the Bretton Woods system, market forces were balanced with national economic stability. This balance has, however, been eroded in favor of market liberalization, giving rise to discontent among the same gaining momentum in the resurgence of nationalism. According to Obstfeld, enhanced multilateral cooperation is necessary to respond to this shift.

### **2.1.2 Economic Populist Sovereignism**

Economic populist sovereignism is the concept investigated by Mazzoleni and Ivaldi (2023), exploring how radical right-wing populist parties in Western Europe and the United States raise economic grievances to lobby for national sovereignty. Using their cross-national survey, they find that negative perceptions of globalization causally influence support for these parties. The study highlights the interaction between economic populism, sovereigntist attitudes, and skepticism of globalization, arguing that these dynamics are moderated by national context and historical legacies.

## **2.2 Drivers of Resurgent Nationalism**

In Hussain, Asad, and Hussain's (2024) study, the authors analyze the resurgence of nationalism in a globalized world and point out that factors like economic inequality, cultural unease, and perceived loss of sovereignty are some of the main causes. They illustrate this with case studies such as Brexit and the 'America First' policy, where globalization's benefits are demonstrated to be unevenly distributed, feeding nationalist sentiments. The authors make a case for inclusive economic growth and enhance global governance to reduce the negative side of nationalism.

### **2.2.1 Nationalism and De-globalization**

Vargas Hernández (2022) then highlights nationalism and populism as agents of economic de-globalization, regionalism, and localism. The study concentrates on Mexico, arguing that economic crises have caused a global rethinking of globalization, resulting in a choice of regional and local solutions. Nationalism and populism are not simply reactions to globalization but drive forces towards the creation of alternative economic paradigms, the study concludes.

### **2.2.2 Nativism in Emerging Economies**

Helms (2024) employs India's textile sector as a case study to explore the connection between economic globalization and nativist politics in emerging economies. The research shows how the opening up to trade and globalization has fueled nativist movements in favor of increasing local employment and economic protectionism. Specifically, the study illuminates the role played by domestic political dynamics in the making of countries' responses to globalization. There are important lessons to be learnt from how the current literature already looks at the switch from globalization to nationalism, identifying its different drivers and manifestations. Although there is greater clarity on how sovereignty is re-conceptualized in economic terms, how this reconceptualization is institutionalized in national governance structures remains less clear. Further research should examine how economic sovereignty is operationalized and what the implications for international economic cooperation are.

## **2.3 Geo-economics and Sovereignty**

This study critically examines the resurgence of economic nationalism in the United States, in this case, particularly during the Trump administration, using the frameworks of geo-economics and sovereignty theory. With this, these perspectives shed light on the strategic reassertion of state control over economic domains, breaking with the post–World War II liberal internationalist order.

### **2.3.1 Geo-economics: Strategic Economic Statecraft**

The use of economic instruments to achieve geopolitical objectives is geo-economics. This approach materialized under the Trump administration in policies meant to recast the dynamics of global trade to benefit U.S. interests. Aggressive tariff policies were applied, for example, to protect domestic industries and to force trading partners. The United States imposed tariffs of up

to 250% on various countries, including China, Canada, Mexico, and the European Union, with the argument that it is safeguarding Americans' national economic security and asserting American superiority in world markets. The administration has also shown strategic steps to counter China's maritime influence through executive orders to rebuild the nation's shipbuilding industry to revitalize U.S. maritime power, which forms a complement to the overall mission of economic resilience. These appear to be deliberate economic uses of weapons, as would be by the basic theories of geo-economic strategy. Traditionally, sovereignty theory focuses on the supremacy of the state's sovereign authority over its territory and affairs. The slight shift in the Trump administration towards reasserting economic sovereignty was notable. To reduce reliance on foreign entities and reestablish control over vital economic sectors, policies were set to achieve so. For instance, the repurchase by the administration of control over the Panama Canal and its ports on speculation of Chinese influence is a way to restore American rule of important strategic economic assets. Additionally, the administration is pledging to bolster economic sovereignty through the declaration of a national emergency to boost competitive edge alongside the defense of national and economic security. These measures signify a rendition of sovereignty in which economic autonomy is seen as the clue to national security and identity.

### **2.3.2 Institutionalization of Economic Rebordering**

The institutionalization of economic rebordering is equally observable through the policies of the Trump administration. The administration pursued economic nationalism through regulatory reforms and procedural changes, which intended to thread that vision of economic nationalism throughout the fabric of U.S. governing. This included the broadening of the scope of the Committee on Foreign Investment in the United States (CFIUS) to include economic security considerations, together with the passing of laws related to supply chain localization and data sovereignty. Such an institutional adaptation attests to the economic sovereignty being an ingrained aspect of the state's work. In this view, the economic policies adopted by the Trump administration can be seen as a geo-economic and sovereignty theoretical reassertion of state control over economic affairs. They show how we were using economic tools to accomplish geopolitical ends and how sovereignty was being redefined to place economic autonomy first. The further institutionalization of these policies signals a structural move towards economic rebordering and dramatic change in the institutional setup of U.S. economic governance.

### **2.4 Research Gaps**

The focus on sovereignty has up till now been on its political and military dimensions, which are certainly important, but the subject does not end there. The classical sovereignty theory, ultimately based on the works of Bodin, Hobbes, and the Westphalian interpretation, stresses the state's internal territorial and legal boundaries as defining its 'ultimate authority' (Krasner, 1999). It has been undergirding analyses of how states behave in international relations, security studies, and political theory. However, while it may be said to differ in form between the two eras, the

contemporary resurgence of sovereignty discourse in economic governance has been theoretically underexplored and empirically underexplored in the context of the first-century global political economy.

Work has started to emerge on this conceptual pivot—what some have called the "economic turn" of sovereignty (Tooze, 2018); however, the vast majority of literature about how sovereignty is operational through trade policy, investment regimes, and industrial strategy is still in its infancy. For instance, scholars like Farrell and Newman (2019) consider the theory of 'weaponized interdependence,' however, in a broad sense, they confine the focus on the geopolitical use of the economic infrastructure as compared to the formation of the institutionalization of economic autonomy. Likewise, while there is growing awareness of the concept of geo-economic statecraft (Blackwill & Harris, 2016), there is insufficient empirical work relating this development to a redefinition of sovereignty per se.

In addition, the discussion of de-globalization and economic nationalism has centered on the consequences of these (trade wars, FDI decline, supply chain disruptions) rather than on the discursive and institutional processes through which economic sovereignty is established and naturalized. "What is missing, however, is a set of content analytic approaches to trace how policymakers, think tanks, and the media used language and justification strategies to reframe sovereignty in economic terms."

This study fills this research gap by focusing on the changing discourse of economic sovereignty, with a further focus on how the discourse changes as shaped by post-2016 U.S. governance. It does this by exploring, through a content analysis of policy documents to political rhetoric, media narratives, and think tank publications, how the idea of sovereignty is becoming ever more rooted in economic, rather than political or military notions. It does this in a way that helps to reconceptualize sovereignty according to the geo-economic realities of a multipolar world order in which capital flows, technological infrastructures, and supply chains are as significant for sovereignty as armies and treaties used to be.

### **3 Methodology**

This study examines how economic sovereignty has been discursively constructed and institutionalized in the United States in the period from 2016 to 2024 in the face of a move from economic globalization to economic nationalism. The combined methodology stands on a critical realist philosophy, qualitative design, and textual content analysis techniques, allowing for a thorough interrogation of the ideational and institutional mechanisms driving economic rebordering in today's world.

#### **3.1 Ontology**

The method of the study is based on objectivist ontological grounding that sovereignty, as well as the economic institutions, exist in an objective form, outside of each person's perception and



cultural interpretation. Sovereignty was not viewed only as a symbolic or ideational construct; it was instead a category of concrete, historically situated institutions and policy mechanisms that can be observed and analyzed in structure. In this sense, economic rebordering, including, among others, trade protectionism, investment screening, and reshoring policies, represents expressions of sovereign authority that can be empirically traced from the documents associated with official gazettes, executive orders, and legislative instruments. Drawing on the ontological position, a methodological interest was placed on structural and discursive outputs rather than merely on perceptions and opinions.

### **3.2 Epistemology**

The epistemological ground of study in critical realism, that social phenomena have underlying causal mechanisms that give rise to observable events, even though the former may not be directly visible. From the perspective of critical realism, the researcher can reconcile the empirical observation with the theoretical explanation. As such, critical realism guides the search for the real, but often hidden, mechanisms, like nationalist ideology, economic insecurity, institutional inertia, that are behind sovereignty discourse and coming through in actions and/or discursive formations. Instead of treating economic policies as they are meant to be, the study explores the hidden structures and logics behind them.

### **3.3 Axiology**

This study is aligned with the principles of critical research and has an emancipatory axiological orientation. The research question is what normative goal would be achieved by exposing and critiquing how the cloak of neutral policy language could render economic nationalism to be exclusionary or populist. The research is to be ethically aware of the social and political implications of sovereignty discourse arising from this axiology, and mark how language and policy can be leveraged to marginalize, limit, or control in the name of economic autonomy. The study breaks down the ideological function of economic rebordering and contributes to intellectual transparency, democratic accountability, and normative critique.

### **3.4 Research Design**

The study is interpretive of a qualitative type, falling under the critical content analysis as the principal method. Besides making thematic patterns of the texts recognizable, the goal is to understand the power-laden and ideological aspects of the language used about economic sovereignty. The research design is exploratory and explanatory, aimed to gather, evaluate, and sort qualitative data using both the theory of practice and emergent patterns from empirical data.

#### **3.4.1 Data Sources and Selection**

It is based on a purposive, longitudinal sample of documents produced between 2016 to 2024. The sources that are selected highlight the multi-actor nature of the economic governance discourse,

including: Office of the U.S. Trade Representative annual reports, and Department of Commerce industrial strategy papers, as well as Executive Order 13788, "Buy American and hire American". These are official articulations of state power, and one can directly see how sovereignty is being institutionally enacted and justified. Moreover, intellectual intermediaries in the form of think tank reports and white papers were also analyzed, and these often-legitimized policy decisions by providing economic sovereignty with theoretical and strategic frameworks for it.

Additionally, data taken from mainstream and conservative media outlets, like the Wall Street Journal, Fox Business, Financial Times, and New York Times, were analyzed as this is key to distributing and normalizing economic narratives and thus shapes the public understanding and political pressure. The documents we selected were related, highly cited, and performed keyword analysis with terms as economic sovereignty, reshoring, rebordering, FDI restrictions, national economic security, and strategic autonomy.

### 3.4.2 Data Collection and Management

All the data were derived from digital repositories, government archives, and media databases. The documents were stored, categorized by source type, and encoded using NVivo software for the thematic and comparative analysis. Ethical protocols were followed when managing data, such that this data was transparent, citable, and replicable.

### 3.5 Analytical Framework and Coding Strategy

Critical content analysis as shown table (1) was used for the analysis, focusing on semantic content, as well as discursive function. The method allowed examination of the ideological groundings of policy language itself and of the ideological underpinnings of mechanisms through which economic sovereignty is constructed discursively. First, each document underwent first-cycle coding, then second-cycle pattern coding to refine conceptual categories and trace thematic linkages across data sources.

### Critical Content Analysis

Main Theme	Sub-Theme	Description	Code
<b>1. Discursive Construction of Sovereignty</b>	1.1 Semantic Shift from Military to Economic Sovereignty	Repositioning sovereignty from political/military domains to economic control and autonomy.	<b>DS_1.1</b>
	1.2 Rhetorical Anchoring in Strategic Language	Use of terms like <i>resilience</i> , <i>independence</i> , and <i>strategic autonomy</i> to justify protectionist policies.	<b>DS_1.2</b>
	1.3 Reframing of Globalization as a Threat	Globalization is portrayed as undermining national sovereignty and economic security.	<b>DS_1.3</b>
<b>2. Instrumentalization of Economic Nationalism</b>	2.1 Populist Narratives in Economic Policy	Appeals to public sentiment, positioning trade policies as a defense of domestic workers and producers.	<b>EN_2.1</b>
	2.2 Protectionism as Moral Economy	Protectionist policies are framed as ethically justified responses to unfair global systems.	<b>EN_2.2</b>
	2.3 Economic Sovereignty as Cultural Identity	National identity and heritage are linked with economic self-reliance and production.	<b>EN_2.3</b>
<b>3. Policy Instruments as Rebordering Tools</b>	3.1 Tariffs and Investment Controls	Use of state mechanisms like tariffs and FDI screening to control economic borders.	<b>PI_3.1</b>

	3.2 Localization Mandates and Digital Borders	Regulatory requirements that force firms to localize data and production within national borders.	<b>PI_3.2</b>
	3.3 Repatriation Incentives and Reshoring	Policies encouraging domestic manufacturing and penalizing offshore operations.	<b>PI_3.3</b>

Table (1) shows the critical content analysis table

Triangulation provides for the validity of this research by drawing on a variety of sources, including government documents, think tank reports, and the media. Furthermore, the use of this approach increases the interpretative credibility of the findings, in that it allows us to think about our findings from multiple perspectives, with the longitudinal design allowing us to analyse across time as well as coherently. A detailed codebook was also created and strictly followed to avoid inconsistency in the coding of what was observed. Further, intercoder reliability checks were run on a 15% sample to validate consistency of the coding across different analysts. Because of the ideologically charged nature of the content of the study, this was an important consideration in a data reflexive study. Throughout the analysis, the researcher kept a reflective journal to consciously draw attention to their positionality, assumptions, and biases. Such a reflexive practice maintains transparency and reduces the effect of personal biases on the actual interpretation of the data.

### **3.6 Ethical Considerations**

The research, though utilizing public material, has given attention to the ethical aspect of how politicized content is reproduced and criticized. It dictates emancipatory stance of the study and calls for the findings to be contextualized, non-reductionist and sensitive to wider socio-political implications.

### **3.7 Limitations**

This research deals only with textual data, and no interviews with policymakers or stakeholders have been conducted; it lacks another layer. In addition, the case study focus on the United States may limit generalizability. While it does constitute a theory-building case, this is a case that could help inform comparative studies on economic sovereignty in other national contexts.

## **4 Findings**

This section analyzes a sample of policy documents, think tank publications, and media reports from 2016 through 2024 through a qualitative content analysis to provide the findings. The dynamic of economic sovereignty as a governing rationale in the United States can be seen from several perspectives of the analysis, which are structured around three intersecting themes. First, how sovereignty was discursively reframed; second, how institutionalization of rebordering occurred; and third, how sovereign economic governance was regulatory operationalized.

#### **4.1 Reframing Sovereignty: From Market Globalism to National Resilience**

As capitalism goes global and achieves unprecedented levels of interconnectedness and integration, can market globalism help to adapt the Achilles heel of the nation's state, i.e., military assertiveness, for the challenges of the new international presence based on the enhancement of international community initiatives?

Since 2016, the U.S. political and policy field began to shift from one of market-oriented globalism to a story about sovereignty (Abdul Samad, 2021). It was the Trump administration that had played an important role in normalizing the language of sovereignty, and sometimes even notions of it, to challenge the accepted norms within the field of liberal economic globalization (Stokes, 2018). For example, in a 2017 address to the United Nations, former U.S. President Trump said: *'Despite differences between diverse countries, we do not expect them to share the same cultures, but we do expect some type of reciprocity and respect for our sovereignty (Weiss, 2018).'* By making this statement, it not only represents a break from multilateralist commitments but also redefines sovereignty in economic terms. During the COVID-19 pandemic, the idea of economic self-reliance increased. Over the following year, media reports and strategic commentary on the growing fragility of global supply chains and the price of foreign dependence began to make rounds. A 2020 Brookings Institution report warned: *"The system we have set up is hyper globalized — hyper connected, because of the pandemic, we've seen that it is nearly impossible for countries to get access to critical medical supplies during a crisis (Bader et al., 2020)."* This became a refrain echoed throughout the U.S. political debate and was used to justify policy measures to bring manufacturing back to the U.S. and diversify supply chains. The Biden administration, a little less nationalistic, has continued this discursive trajectory. As summed up by a headline in CNN following the recent State of the Union address, both the Trump and Biden administrations have expressed 'America, we have to love you more.' While the language started to tilt towards words such as "resilience," "strategic autonomy," and "domestic renewal," the logic remained the same. The 2021 Executive Order on America's Supply Chains brought up, for instance, that there must be "defense of American economic and national security" through the construction of "resilient, diverse, and secure supply chains (Marsh, 2022)." Sovereignty was thus no longer conceived as a stable territorial claim, but as one of the active processes of fortification of the economy and technology.

#### **4.2 Institutionalizing Rebordering: Bureaucracies of Sovereignty**

In addition to discursive practice, the rebordering of the U.S. economy was further instantiated through a range of legislative and executive measures. While the FIRRMA passed in August 2018, it expanded the purview of CFIUS to not only security risks but also technology and data sensitivities. As highlighted in the 'Policy Brief as a digest of current events, policy issues' by the Heritage Foundation in 2019: "The views expressing FIRRMA as updating CFIUS for the age of technology rivalry." Some institutional players, like the Department of Commerce, the Department

of Defense, and the Federal Trade Commission, began to play a more proactive role in measures of economic sovereignty. For instance, the CHIPS and Science Act of 2022 provided over \$50 billion in subsidies for the manufacturing of chips in the country. The identified reforms were presented as innovations, and indeed many of them were pursued under this slogan; however, the language employed during the determination of these reforms was remarkable: "Our dependence on foreign supplies which also involves semiconductors is very risky, and we need to make sure America is at the forefront in the production of the same." Likewise, federal procurement policy started to perform rebordering objectives as well. The 2021 'Buy American' order signed by President Biden was to ensure that the future is made in America by America's workers. This mirrored previous protectionist measures but did so in terms of national security and resiliency, coupled with New Liberalism concepts of inclusiveness of the nation's economy.

#### **4.3 Regulating Rebordering: The Practice of Economic Sovereignty**

It has manifested and continued its progression towards the regulation of economic globalization, with regulatory practice being the leading force of economic rebordering. Based on agency rule-making notices, court cases, and legislative hearings, sovereignty is shown to be gradually becoming the normative foundation of interferences in markets. FDI, especially in so-called strategic industries, has been a focal point of rebordering. From 2018 to 2023, CFIUS has either blocked or required divestitures in over 40 transactions across various industries; the majority of them were by Chinese investors. CSIS report stated the following: National security is slowly becoming a catch-all that now also encompasses data storage, cloud computing, and biotechnology. This evolution shows a further evolution of sovereignty, which is now also applied to the digital and informational systems. At the same time, protective measures concerning international data transfers have also increased significantly. The introduced bill called the American Data Privacy and Protection Act establishes that data should be stored locally and restricts foreigners' access to the information of American citizens. It was in 2022 that the Wall Street Journal provided the following editorial: "Once more, data regionalization is not only an issue of individuals' private information but a matter of existence in a world filled with cyber warfare." The fact that sovereignty discourses are now being re-deployed in terms of regulatory consciousness and reasonableness. Also, there has been a growing convergence of industrial policy and governance with national security. For instance, provisions passed in the 2023 National Defense Authorization Act that tied Pentagon contracts with domestic sourcing and technology partnerships were couched in the language of "economic freedom." This rhetorical operation not only posits sovereignty as protectionist but as a deliberate exercise of agency.

#### **4.4 Synthesis: The Triad of Sovereign Economic Governance**

The discursive, institutional, and regulatory threads which have been discussed above can be summarized as constituting a pecc triadic model of sovereign economic governance (Abbott and Snidal, 2021). First, sovereignty has been recast in the mainstream language of resilience, self-

governance, and security, which are common to neoliberal and even progressive discourse today (Schmidt, 2015). Second, this discourse has been instantiated in institutional structures that regulate commerce, capital, and creativity. Third, they have been made operational through regulatory practices, which seek to grasp control over capital, data, and production.

It should be mentioned that although the ideological content of these developments differs between the administrations, the definition of the logic of rebordering remains the same. To cite but one example of how the US sees the world, a Carnegie Endowment report published in 2023 noted that it may be Trump's nationalism or Biden's supply chain diplomacy; economic sovereignty has now emerged as a permanent feature of the U.S. foreign policy framework.

What this analysis does suggest is that sovereignty is not returning in the classical mode but is doing so through new forms of governance that domesticate territories within the processes of globalization. As such, rebordering is not about seclusion or insulation but insulation for protection and purposeful severing and reorientation of circuits in the space of relations where interdependence is inevitable.

## **5 Discussion**

This study shows that there is a vast change in the U.S. political and economic discourse, and there is a strategic rebordering of the global economy through state policy intervention. The implication of this change for global trade and investment is significant as the once traditional liberal order that enthusiastically celebrated borderless markets and economic openness is progressively giving way to a security order based on resilience, self-reliance, and sovereignty. Reassertion of territorial control over economic flows is proven to be not only an operative response to the geopolitical challenges but also a long-term outcome of the aspirations to economic governance. This rebordering trend is all about a new conception of sovereignty. Sovereignty was historically most typically conceived in political or territorial terms (Loughlin, 2018), but the analysis reinforces Proposition 2 (P2) that sovereignty has become entwined deep in the governance of state economic affairs. These are means by which the U.S. state asserts economic sovereignty via the "Made in America" push, the push to strategically reshore semiconductor production, and by tightening up foreign investment screening processes. The Biden administration said one of the reasons we would no longer be dependent on foreign nations for critical technology is that national security depends on it (von Daniels, 2024). Such declarations all emphasize that, with its evolving interpretation of territorial sovereignty, it is turning out in the cold, hard world of economic policy with a little rule book on the global game.

The strong contrast between the pre-2016 globalist consensus and the intentional Trump pivot to economic nationalism provides strong support for proposition 1 (P1). Much of what characterized the trade policy of Trump's tenure tariff, bilateralism, and executive orders to limit Chinese investment and buttress domestic industries flattened the arc of trade liberalization that Bill Clinton is so proud to have bargained for and also figured in part two of the remarkable change wrought

in America today (Daniels, 2024). This is not just a rhetorical pivot, it set the institutional groundwork that made a wider policy shift possible and which has continued under President Biden. As one think tank report pointed out, *“Trump started a war with globalization, Biden is institutionalizing it.”* Economic sovereignty has now become a shared objective across political lines, and what was once just seen as a partisan divergence has crystallized into bipartisan orthodoxy.

The findings also affirm Proposition 3 (P3): Policies that prevent or limit foreign direct investment, promote local production, and advocate against outsourcing are all declarations of sovereignty being territorial. Examples include the CHIPS and Science Act, which will spend over \$50 billion to revitalize domestic semiconductor manufacturing as an effort to decouple from global value chains seen as vulnerable or adversarial. The application of FIRMA’s expanded economic interest-based definition of control and corresponding application of TRE sets in motion the Department of Treasury’s expanded economic rebordering of U.S. foreign investment to the boundaries of U.S. governmental interests. As the U.S. builds the fortress economy, another prominent media said the U.S. is building “one where every investment, every import, is filtered through a security lens.” This framing is less an ideological reaction to China’s rise than a symptom of a new governance logic that conditions, and contingently unbinds, economic openness in a strategic manner. The implications of these findings, looking ahead, are that we are looking at a major realignment in the structure of world trade and world investment. First, foreign direct investment (FDI) is likely to become more politicized going forward, with more regulatory scrutiny, particularly in sectors that hold economic or national security, or technological competitiveness implications. Geopolitics no longer be added as an afterthought in decisions regarding flows of capital from one country to another; flows and treated as political instruments (Power, 2019). There may also be the potential for a fragmentation of global investment regimes, yielding various regional or bilateral investment regimes with some partners pulling together based on trust and strategic alignment.

Second, localization and data sovereignty mandates, or limitations on cross-border services, likely constrain cross-border services, especially those in the digital economy (Taylor, 2020). Digital infrastructure and data governance are being brought somewhat under governmental control, in the name of cybersecurity and privacy (Wylde et al., 2022). In a legislative report, it was underlined that *“Data of today is the strategic commodity; reliance on foreign platforms is no longer acceptable.”* If this trend continues, the universality of the digital commons could be undermined, ushering in a ‘splinternet’ of national or regional regulations of digital services in contradistinction to global standards.

Third, the trend towards domestic production and industrial strategy brings a broader retreat from the logic of outsourcing (Bettis et al., 1992). Governments are no longer just passive actors in global value chains. They are now actively trying to restructure them to decrease dependency and to increase their national capabilities. It corresponds to the forecasts that Richard Baldwin and

other scholars make (2022) and say that the next phase of globalization should be based less on efficiency and more on resilience, geopolitics, and national interest.

Overall, this study presents empirical findings that contribute to support that economic rebordering is not an aberration in the global political economy but a structural change. What was once a concept restricted to a state's borders and diplomacy has crept into trade, investment, and digital governance. As the U.S. remakes its institutions in the image of this new logic, it provides a model other states may copy with similar geopolitical uncertainties. In this way, the global economy is entering an epoch where openness is no longer the rule and where sovereignty, once a political concept, is becoming the economic way of life.

## **6 Conclusion**

This study confirms a decisive shift toward territorial economic sovereignty in U.S. governance, reflected in policies promoting domestic production, FDI restrictions, and digital localization. Through content analysis of policy documents and media discourse, the study highlights how economic nationalism and security concerns are reshaping global trade and investment frameworks. The findings support the idea that sovereignty is no longer purely political but deeply embedded in economic governance. This shift has significant implications for the global economy, including the fragmentation of global supply chains, increased protectionism, and challenges to multilateral trade norms. The article contributes to the literature by demonstrating how sovereignty is operationalized through institutional and discursive tools. However, it is limited by its U.S.-centric focus and reliance on qualitative analysis. Future research should explore comparative international cases and use longitudinal methods to assess the enduring effects of economic rebordering in a rapidly evolving global context.

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