

**DONALD TRUMP'S SECOND TERM: EARLY POLICY SIGNALS,  
ECONOMIC NATIONALISM, AND GLOBAL TRADE IMPLICATIONS  
FOR KAZAKHSTAN**

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**ABSTRACT**

Donald Trump's victory in the 2024 U.S. presidential election marks his return to the White House, making him the second president in U.S. history to serve non-consecutive terms. His win, supported by a coalition with Senator J.D. Vance and a shift in key swing states, reflects a deep transformation in voter sentiment driven by economic grievances and dissatisfaction with the Biden-Harris administration. This article analyzes Trump's second-term domestic and international policy directions, focusing on economic nationalism, aggressive trade measures, deregulation, and a shift from multilateralism to transactional diplomacy. Central to his approach is confronting China through tariffs, semiconductor technology, and strategic decoupling, reshaping global economic dynamics. His skepticism towards traditional alliances and global institutions introduces uncertainty in international relations. The article also explores the implications of these policies for Kazakhstan and Central Asia, highlighting Kazakhstan's strategic position amidst U.S.-China tensions and potential U.S.-Russia rapprochement, presenting both opportunities and challenges for careful geopolitical balancing.

**Keywords:** Trump, Trade, Transactional Diplomacy, Geopolitics, Kazakhstan

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## INTRODUCTION

Donald Trump's 2024 election victory made him the second U.S. president to win a non-consecutive term. Running with Senator J.D. Vance, he secured 312 Electoral College votes against Kamala Harris's 226, with 49.9% of the popular vote. A key factor in his win was the Republican shift in several previously Democratic-leaning swing states, signaling a significant change in voter sentiment (National Archives, 2024). Although surprising to some, Trump's return to power was not entirely unforeseeable. Rising public dissatisfaction with the Biden-Harris administration's handling of issues such as inflation, increasing living costs, immigration, and healthcare reform significantly drove voters toward change. Centering his campaign on these widespread grievances, Trump effectively positioned himself as a voice for economically distressed voters and those in suburban areas. Despite ongoing legal controversies and debates surrounding him, Trump maintained and even expanded his appeal, highlighting the influence of his populist and nationalist rhetoric on the electorate.

The 2024 elections also gave the Republican Party a clear advantage in Congress, providing Trump with stronger institutional support than in his first term. Republicans gained a 53–47 Senate majority and narrowly led the House with 220 seats to the Democrats' 215. This unified control allows for smoother advancement of the party's agenda and reflects ongoing voter support for Trump's "America First" platform, particularly on trade, immigration, and national security (History, Art and Archives United States House of Representatives, 2024).

Donald Trump's second administration is poised to become one of the most controversial and impactful presidential periods in modern U.S. history, both in terms of domestic policy and international relations. His proposed policies emphasize economic nationalism, aggressive trade measures, deregulation, and a fundamental reshaping of alliances and global security arrangements. Trump's economic agenda, grounded in "America First" principles, aims to prioritize domestic production, relocate supply chains back to the United States, and employ tariffs as a principal instrument of economic pressure (Alden, 2024).

President Trump's campaign has included a lot of controversial commitments on various topics ranging from the economy to security and from energy to technology, indicating that he will do many things in his own way. Among them, his most controversial commitment was the initiation of the "largest deportation program in American history," targeting undocumented immigrants identified as threats to public safety. He allows Immigration and Customs Enforcement (ICE) operations to expand significantly to combat immigration issues resulting in a substantial increase in arrests and deportations (Sacchetti & Bogage, 2025).

As for the international relations perspective Trump put forward an America First ideal which aims to benefit the U.S. at first and foremost regardless of any alliances and balances it would disturb. True to his word he is raising tariffs against all of his trade partners aiming to reduce its trade deficits. Like in his first term, this initiation targets mainly countries like China where the U.S. has significant trade deficits and has a significant disbalance in reciprocal tariff rates with each country put against each other. This move has shaken the global trade dynamics causing heated debates and negotiations that would change the U.S. trade relationship with its almost all trade partners (Stewart, 2025).

Moreover, Energy policy was another area where Trump acted decisively. His campaign slogan “Drill, drill, drill” translated swiftly into policy as he issued executive orders to open federal lands, notably in Alaska, for oil exploration and drilling. Additionally, Trump reversed numerous Biden-era environmental regulations, aligning with his stated goal of increasing domestic fossil fuel production to reduce energy costs and combat inflation (White House, 2025).

Finally, while Trump had ambitiously asserted, he would quickly broker peace in the Russia-Ukraine conflict, this pledge remains unfulfilled. Despite initial diplomatic efforts, no comprehensive agreement has been reached, demonstrating the complexities involved in realizing such international commitments (Banco & Slattery, 2025). These were some of his popular campaign promises and as we can see he acted on many fronts in the near future he gave signals of that he would pursue the remaining ones in his own way.

In domestic policy, Trump intends significant reductions in federal spending by targeting social programs and bureaucratic inefficiencies. Positioning himself as a champion of U.S. energy independence, Trump promises to roll back climate policies implemented by the previous administration and expand domestic fossil fuel production (Phillis & McDermott, 2025). Immigration, a central component of his agenda, frequently references stringent border controls and mass deportations. In this regard, he pressures Mexico to strengthen its own border security by threatening increased customs tariffs. Additionally, the Trump administration aims to restructure the justice system, expand presidential powers, and limit investigations and threats concerning political influence (Kruzel, 2025).

At the international level, Trump's policies indicate significant shifts in global trade, economic policies, and security alliances. The imposition of tariffs against China, pursued more aggressively compared to his first term, no longer remains confined solely to the issue of trade deficits; it now includes strategically critical fields such as artificial intelligence and semiconductor chip production. Within this plan, extensive tariffs of up to 20% are applied on all imports from China, further restricting China's access to U.S. semiconductor technology. Furthermore, this economic decoupling serves as a strategic instrument aimed at weakening China's global economic standing (Lawder et al., 2025).

In addition to China, Trump's economic policies based on transactional diplomacy have also caused tensions in relationships with key allied countries, particularly the European Union, Canada, and Mexico. The Trump administration has revived discussions about increasing steel and aluminum tariffs against the EU and Canada, while also threatening broader trade restrictions targeting European-origin automobiles. On the security front Diplomatic relations with NATO allies are similarly strained due to Trump's persistent demands for member states to increase their financial contributions and implicit threats to reduce U.S. military commitments in Europe (Graham, 2025).

This paper aims to analyze the main pillars of Trump's second-term policies and their broader geopolitical consequences, with a specific focus on Kazakhstan and the Central Asian region. By examining key developments such as U.S.–China strategic decoupling, the targeting of critical supply chains, and potential U.S.–Russia rapprochement, the study seeks to understand how Kazakhstan could be affected by these global shifts. The research further explores how Kazakhstan's rare earth element reserves and geopolitical location may offer

both strategic opportunities and vulnerabilities in an increasingly fragmented international order. In light of these aims, and considering that Trump's second term is still in its early stages, the central research question guiding this study is as follows: *How might the emerging domestic and foreign policy directions—particularly those shaped by economic nationalism, strategic decoupling, and transactional diplomacy—affect the geopolitical and economic positioning of Kazakhstan and Central Asia?*

## MATERIALS AND METHODS

This study employs a qualitative, interpretive approach to examine the domestic and foreign policy directions of the initial stage of Donald Trump's second presidential term, with a particular focus on the implications for Kazakhstan and the broader Central Asian region. The research is grounded in an extensive review of both primary and secondary sources, including official government documents, policy speeches, election data, international relations literature, and analytical reports from leading think tanks and media outlets.

### *Source Selection and Organization*

Sources were selected through a targeted and criteria-driven process, emphasizing relevance to the research questions, credibility of origin, and recency (2022–2025). Academic journal articles and policy papers were identified via major scholarly databases such as JSTOR, Scopus, and Google Scholar, using keywords including America First, Trump second term, economic nationalism, U.S.-China relations, Central Asia geopolitics, and U.S.-Kazakhstan relations. Also, web search through reputable newspapers is used for gathering recent events. Trade and tariff statistics were drawn from reputable governmental sources such as the U.S. Census Bureau, the U.S. Department of Commerce, and Kazakhstan's National Statistics Bureau. Regional perspectives and strategic insights were supplemented by policy briefs from think tanks.

### *Organizational Structure*

The collected materials were thematically organized around three core areas of inquiry: economic nationalism and trade protectionism; shifts in U.S. multilateral commitments and global alliances; and the strategic implications for Kazakhstan and Central Asia. Within each thematic strand, sources were triangulated to strengthen analytical validity, ensure evidentiary robustness, and incorporate a range of perspectives. Quantitative data—such as trade volumes and tariff rates, were employed to complement qualitative insights and underscore material trends shaping the policy environment.

### *Case Focus and Analytical Framework*

An in-depth case study of Kazakhstan was selected due to the country's strategic importance in the context of U.S. efforts to decouple from China, reconfigure supply chains, and potentially reengage Russia. This case is particularly instructive for understanding how Trump-era policies may reshape geopolitical alignments across Central Asia. To contextualize the analysis, the study draws on neoclassical realism as a theoretical lens, emphasizing the interaction between systemic pressures in the international arena and domestic-level political drivers in shaping foreign policy outcomes.

## *Research Limitation*

A key limitation of this study lies in the fact that Donald Trump's second presidential term has only recently begun. As such, the analysis is necessarily based on early policy signals, initial appointments, and stated priorities rather than long-term outcomes or fully implemented strategies. While this provides a timely snapshot of emerging directions, it also limits the ability to assess the durability and full impact of these policies. Future research will be needed to evaluate how these initiatives evolve over time and their concrete implications at both domestic and global levels.

## **LITERATURE REVIEW**

Harding (2024), forecasts a significant shift towards economic nationalism and protectionism during Trump's second administration. She emphasizes Trump's proposed extensive tariffs—ranging between 10% and 60%, particularly targeting China—to reduce U.S. trade deficits. Harding cautions these tariffs may severely disrupt global supply chains, negatively affecting U.S. allies and the broader international economic environment. Her analysis underscores Trump's prioritization of reshoring U.S. manufacturing and promoting domestic economic interests, central to the administration's trade policies.

Patrick (2025), argues Trump's second term represents a radical departure from established international economic and political norms. Patrick highlights Trump's deliberate weakening of multilateral institutions, particularly the World Trade Organization (WTO), through aggressive tariff policies and rejection of global trade rules. He contends that Trump's preference for bilateral and transactional diplomacy over cooperative multilateral frameworks marks a distinct pivot in U.S. global strategy, potentially isolating America from traditional alliances.

Blanchette (2025), assesses the intensified U.S.-China tensions under Trump's second administration. He notes Trump's appointment of China hawks, increased economic decoupling efforts, significant tariff hikes, and stronger U.S. military support for Taiwan. Blanchette emphasizes Trump's transactional and unpredictable foreign policy, arguing this could heighten global instability and reshape international power dynamics, potentially providing strategic opportunities for rivals like China.

Qoraboyev (2025) explores Trump's impact on Central Asia in his report for the Hague Research Institute. He argues that Trump's transactional diplomacy and intensified great-power rivalry may indirectly affect Kazakhstan and its neighbors. Qoraboyev (2025) suggests Trump could regard Central Asia as secondary to broader strategic bargains with Russia and China, risking the erosion of Kazakhstan's "multi-vector" foreign policy approach. He advises Central Asian states to cautiously manage relations with Trump's America, balancing engagement without compromising regional autonomy.

Vakhabov (2025), offers a more optimistic assessment regarding Trump's second-term engagement with Central Asia. The author identifies opportunities for stronger U.S.-Central Asian cooperation, particularly in economic areas such as infrastructure connectivity and rare earth element extraction. He emphasizes Kazakhstan's potential role in helping the U.S. diversify critical supply chains away from China. Furthermore, Vakhabov (2025) suggests security coopera-

tion and counter-terrorism as additional promising areas, aligning with Trump's broader strategic goals and contributing positively to regional stability.

## **DECODING TRUMP'S FOREIGN POLICY: TRANSACTIONAL AND DETACHED**

Trump's strategic vision reshapes global economic and security frameworks around direct U.S. interests, often sidelining multilateral cooperation. While his economic policies offer short-term gains for certain domestic sectors, they risk long-term disruption to supply chains, trade stability, and diplomatic trust. The trade war with China, framed as support for U.S. manufacturing, raises consumer and business costs. China's retaliatory tariffs target key Trump constituencies agriculture and manufacturing intensifying economic pressure. U.S. restrictions have also pushed Beijing to accelerate its tech self-sufficiency, heightening long-term competition. Weaponizing trade policy undermines U.S. reliability as a partner, prompting many countries to diversify ties. Even close neighbors like Mexico and Canada, despite economic coercion, are seeking alternatives to reduce U.S. dependency (Rediker, 2024).

While Trump's policies appeal to nationalist sentiment and assertive leadership, they pose significant risks. Unilateral economic coercion, disregard for diplomatic norms, and frequent renegotiation of trade deals have fueled global market instability. The administration's transactional approach and neglect of international institutions increasingly isolate the U.S. from traditional allies, hindering long-term geopolitical cooperation (Madhani, 2025). The "America First" doctrine, aimed at securing U.S. dominance, may ultimately undermine it by encouraging the formation of independent economic and security frameworks that bypass U.S. influence (Nye, 2024). If these trends persist, the global order could shift away from U.S.-led structures, with Trump's second term marking a more aggressive effort to reshape international dynamics in favor of short-term national gains.

To fully grasp the logic underpinning Trump's foreign and domestic policy behavior particularly his assertive unilateralism abroad and populist-nationalist agenda at home, it is necessary to ground the analysis within an established international relations theory. The following theoretical framing provides a structured lens through which Trump's strategic choices can be more coherently contextualized and interpreted, revealing the interplay between global dynamics and internal political drivers. In this context, to analyze the early and evolving contours of Trump's newly inaugurated second-term foreign and economic policies more systematically, this study draws on the framework of Neoclassical Realism an influential strand of international relations theory that blends classical realist concerns about power and anarchy with domestic-level variables. Unlike structural realism, which emphasizes systemic constraints and the distribution of power among states, neoclassical realism accounts for how internal factors such as leadership perceptions, state capacity, and domestic political pressures mediate foreign policy responses (Rose, 1998; Lobell et al., 2009).

This approach is particularly useful in understanding the Trump administration's assertive and often unpredictable international behavior. At the systemic level, Trump's strategy reflects traditional realist principles: prioritizing national interest, economic self-sufficiency, and sovereignty in an anarchic global system. The administration's economic decoupling from China, emphasis on bi-

lateralism over multilateralism, and transactional approach to alliances reflect the pursuit of relative gains and strategic leverage key tenets of realist thought (Mearsheimer, 2001).

At the domestic level, however, neoclassical realism provides deeper insight into the why and how of these strategies. Trump's foreign policy is shaped not just by the international balance of power, but by populist-nationalist electoral coalitions, institutional alignment within Congress, and bureaucratic maneuvering. His administration's policy decisions—ranging from punitive tariffs to reductions in NATO commitments—are not purely reactions to global shifts but are also conditioned by domestic constituencies that demand economic protectionism, national sovereignty, and visible assertions of American strength (Kitchen, 2010). The 2024 electoral outcome, with its shift in swing-state dynamics and populist resurgence, thus directly empowers a more ideologically consistent application of these policies.

This framework helps situate Central Asia and Kazakhstan in particular within a broader geostrategic logic. Kazakhstan's importance is amplified not solely by its geography or rare earth reserves, but by the way in which U.S. policymakers, under Trump, perceive and instrumentalize these assets in the context of a great power competition. Neoclassical realism offers a lens through which to interpret how Kazakhstan becomes entangled in U.S. efforts to reconfigure global supply chains and apply economic pressure on China, while simultaneously recalibrating relations with Russia under a potentially softened diplomatic posture.

By grounding the analysis in neoclassical realism, this article aims to better capture the complex interplay between systemic power dynamics and domestic political imperatives that define Trump's second-term foreign policy agenda—and to assess how these forces converge to shape the geopolitical future of Central Asia. Understanding the structural logic behind Trump's policies also requires attention to the individuals tasked with translating that logic into action. With this theoretical lens in place, we can now turn to the practical execution of Trump's agenda through the individuals shaping his administration.

Trump's policies largely reflect his personal vision, they are also sharpened by the influence of officials he appoints to key administrative positions. It is reasonable to suggest that these policies are not solely crafted by Trump himself but implemented by like-minded individuals holding critical positions within his administration. Therefore, it is useful to examine the profiles of key figures in the Trump administration. The composition of Trump's 2024 administration reflects a deliberate effort to consolidate power around individuals sympathetic to nationalist, protectionist, and transactional governance approaches. Vice President J.D. Vance, Secretary of State Marco Rubio, Treasury Secretary Scott Bessent, Defense Secretary Pete Hegseth, and advisor Elon Musk play significant roles in shaping the administration's policy direction. The combined influence of these figures has led to radical shifts in domestic and foreign policy, strengthening tendencies toward economic nationalism, military assertiveness, and the restructuring of international alliances (Smith, 2024). Through their ideological commitments and expertise, these individuals ensure that Trump's second term is not simply a continuation of the previous administration, but rather an advanced iteration characterized by refined strategic objectives and deeper skepticism toward globalization.



At the heart of Trump's policy framework is a strong commitment to economic nationalism. Vice President J.D. Vance champions high tariffs to restore U.S. manufacturing and reduce dependence on foreign economies, particularly China. Treasury Secretary Scott Bessent complements this with tax incentives for domestic industries, deregulation, and targeted tariffs on sectors like energy, semiconductors, and rare-earth minerals. Breaking from traditional Republican free-market principles, this administration blends conservative tax policies with interventionist trade measures. It is grounded in the belief that globalist economic structures have eroded U.S. industrial strength, requiring protectionist correction. However, this stance risks economic isolation, as trade partners—potentially even allies—may respond with retaliatory measures, threatening further fragmentation of the global trading system (Gresser, 2025).

Secretary of State Marco Rubio leads a recalibrated U.S. foreign policy that combines military deterrence with economic coercion, especially toward China. Rejecting earlier bipartisan efforts for managed competition, Rubio champions a confrontational approach—expanding sanctions, bolstering Indo-Pacific military presence, and reaffirming the QUAD to counter China's influence (Bland, 2025). While pressure on China intensifies, the administration adopts a more conciliatory stance toward Russia. This selective aggression reflects Trump's broader aim to reduce U.S. security commitments in Europe. Both Rubio and Vice President Vance support a negotiated outcome with Moscow over increased aid to Ukraine, signaling a strategic pivot: prioritizing U.S. interests in Asia over extended military involvement in Europe.

Under Defense Secretary Pete Hegseth, military nationalism has intensified, with the Pentagon shifting from interventionism to deterrence. Resources now focus on countering China's military rise while scaling back long-term deployments (Detsch, 2025). Rejecting post-Cold War doctrines, Hegseth promotes a more inward-looking, defense-oriented force. Domestically, he dismantles diversity, equity, and inclusion (DEI) programs, viewing them as ideological distractions, and aims to create a leaner, ideologically aligned military structure.

Elon Musk brings a disruptive yet influential voice to the administration as a key advisor. His push for deregulation and efficiency led to the creation of the Department of Government Efficiency (DOGE), which seeks to apply private-sector models to federal governance (Dorman, 2025). However, Musk's extensive business ties to China—especially through Tesla—create tension with the administration's hawkish stance, occasionally undermining policy coherence on Beijing.

Together, these five figures define an administration driven by nationalist priorities across economic, military, and diplomatic fronts. Favoring bilateral deals and transactional diplomacy, the leadership marks a clear break from multilateralism and the liberal international order that shaped U.S. policy after World War II (Patrick, 2025). While advancing U.S. interests, this shift risks weakening longstanding alliances and destabilizing global economic frameworks. A new paradigm is emerging—one where short-term national gains outweigh commitments to global leadership. As Trump's second term unfolds, the lasting impact of this approach on domestic governance and international relations remains to be seen. What is clear, however, is the administration's readiness to challenge established norms in pursuit of a more self-reliant U.S.



Trump's second term's initial stage has led to deeper disputes with China in trade, economy, and security, significantly affecting global economic stability and geopolitical alignments. The administration expanded previous trade restrictions, applying comprehensive tariffs of 20% on all imports from China. When considered alongside other tariffs, it is estimated that approximately \$1.4 trillion worth of goods will be impacted by this measure, substantially increasing costs for U.S. businesses and consumers (York and Durante, 2024). Economic decoupling remains a central strategy; the U.S. government is actively working to reduce reliance on China-based supply chains. Import bans and tighter export controls are being enforced on semiconductors, artificial intelligence technologies, and telecommunications equipment. For instance, Chinese firms like Huawei have effectively lost access to critical U.S.-made components. Additionally, the United States has increased restrictions on U.S. companies investing in China's high-tech sector, aiming to halt Beijing's advances in artificial intelligence and quantum computing (Shepardson, 2025).

China has responded to Trump's aggressive trade and security policies with retaliatory measures of its own. The Beijing administration has imposed tariffs ranging from 10% to 15% on U.S. products totaling \$21 billion, deliberately targeting sectors such as agriculture, energy, and manufacturing—particularly those located in states comprising Trump's political base (Cash et al., 2025). Additionally, Chinese regulatory agencies have introduced new regulations targeting U.S. companies operating within the country, such as Apple, Qualcomm, and Boeing, initiating compliance investigations and anti-monopoly reviews. Furthermore, to counter Washington's technological decoupling strategy, Beijing has restricted exports of rare-earth elements essential to the U.S. technology industry (Troise, 2024).

Trump's economic policies have also created tensions with traditional U.S. allies beyond China. The administration has reinstated steel and aluminum tariffs against the European Union and Canada, prompting the EU to retaliate with tariffs valued at €26 billion on U.S. exports, particularly targeting politically sensitive sectors like agriculture and whiskey production (Valero & Nardelli, 2024). Trump has further threatened to impose a 25% tariff on European automotive exports, targeting Germany's automotive industry, which accounts for roughly 17% of its total exports (Orth, 2025).

On 2 April 2025, President Donald Trump announced the expected "reciprocal tariff" policy on numerous countries individually and a base of 10% for all. As for individually selected countries, the U.S. will impose 34% tariffs on China, 20% on European Union, 46% on Vietnam, 32% on Taiwan and 25% on South Korea. But there were also surprises, where Canada and Mexico are exempted from this individual tariff list, whereas the United Kingdom faces only 10%. Analysis of these numbers shows that the tariff rates are estimated as roughly half of what those countries are imposing tariffs on the U.S. meaning Trump is keeping an open door for negotiations that could pave the way for better rates for the U.S. After this announcement, key global leaders from China, Germany, Italy, South Korea and others, who are not happy with higher tariffs expressed concern and criticized the tariffs, emphasizing the potential harm to international trade (Mangan et al., 2025).

Trump's "America First" doctrine is placing significant pressure on security alliances as well. NATO allies have faced increased pressure to raise their military expenditures, with Trump threatening to withdraw U.S. troops from Europe if member states fail to meet the defence spending target of at least 2% of GDP. The administration has reduced U.S. military presence in Germany, Poland, and Italy, claiming that these countries excessively rely on U.S. military protection. In response, France and Germany have taken steps toward reducing their dependence on U.S. security guarantees, advocating for Europe's strategic autonomy. The continuation of diplomatic estrangement from NATO and European allies is weakening transatlantic relations and fostering the emergence of new defense initiatives independent of U.S. leadership (Kayali et al., 2025).

Bottom line President Trump in his second term from the start has opened too many fronts to fight and try to implement his policies and vision, whereas his sharp stance and controversial initiatives will create certain repercussions that could be interpreted as internal risks for the stability of his second term. Therefore, it would be useful to explore these potential difficulties that his administration might face in the future. Among them, one of the central challenges stems from political rivalry and growing institutional resistance. Trump's assertive "no-scalps" policy—refusing to dismiss controversial figures or back down in the face of criticism—has intensified internal discord, even among members of his own administration (Reich, 2025).

His open defiance of court rulings and inflammatory rhetoric toward political opponents have alarmed legal and civil institutions, raising concerns about executive overreach and the erosion of democratic norms. Within Congress, although Republicans hold influence, there are signs of division. Some lawmakers have expressed unease over Trump's more aggressive policy moves, especially regarding immigration enforcement and budget cuts. Town halls across the country have revealed rising tensions between elected officials and constituents, with public protests, arrests, and confrontations becoming more frequent (Stokols & Traylor, 2025). Economic uncertainty triggered by abrupt policy shifts—such as tariff escalations—has drawn criticism from business leaders and economists alike. These concerns have further eroded confidence among moderate voters who remain skeptical about the long-term effects of such decisions (Ghosh, 2025). Taken together, these factors suggest that Trump's second term is likely to be shaped not only by his policy ambitions but also by persistent domestic friction, institutional pushback, and the broader challenge of sustaining public confidence.

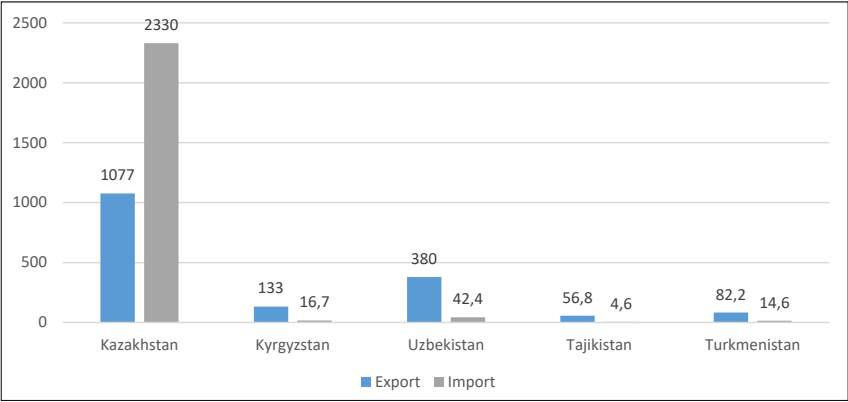
## RESULTS AND DISCUSSION

The "America First" doctrine has substantially transformed U.S. foreign policy, shifting its emphasis from multilateral cooperation toward unilateral economic coercion. Although Trump portrays his approach as reclaiming economic sovereignty and national security, global reactions have been predominantly negative. U.S. allies feel increasingly marginalized, rival powers capitalize on the diplomatic withdrawal of the United States, and international institutions face accelerating fragmentation, especially given that the U.S. has historically been the largest financial contributor to many prominent international organizations. The erosion of U.S. soft power and diplomatic credibility is prompting many countries to reevaluate their long-term alliances, resulting in increased efforts to

reduce their dependence on U.S. economic and security commitments (Banzal, 2025).

Within this political environment of transactional diplomacy tensions, we need to consider how Trump’s second administration will influence power dynamics in the Central Asian region, particularly for Kazakhstan. The “America First” trade policies under President Trump’s administration have notably impacted U.S.–Kazakhstan economic relations. Historically, the United States has maintained a trade deficit with Kazakhstan, a trend that has persisted and intensified in recent years. In 2024, U.S. exports to Kazakhstan amounted to approximately \$1.08 billion, while imports from Kazakhstan reached \$2.33 billion, resulting in a trade deficit of \$1.25 billion. This deficit widened in early 2025, with U.S. imports from Kazakhstan totaling \$1.72 billion in just the first two months, whereas exports stood at \$104.4 million (United States Census Bureau, 2025). In response to perceived trade imbalances, the U.S. implemented a 27% tariff on certain imports from Kazakhstan in 2025, citing Kazakhstan’s 54% tariff on American goods as justification (Kazinform, 2025).

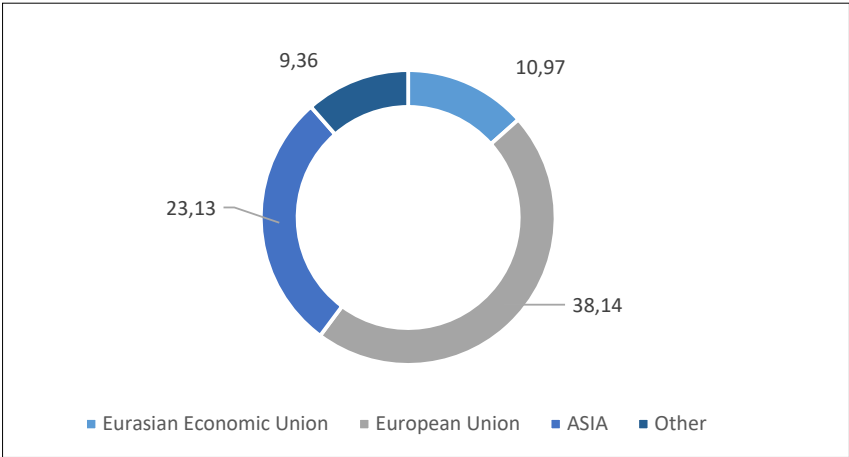
**Figure 1**  
*Kazakhstan’s Total Export Destinations in 2024 (billion \$)*



*Source:* National Bank of Kazakhstan, 2025

Kazakhstan’s total exports in 2024 were valued at \$81.6 billion, with mineral products accounting for \$51.85 billion, base metals and products at \$10.9 billion, and chemical industry products at \$6.43 billion (National Bank of Republic of Kazakhstan, 2025). Considering that exports to the U.S. represent a small fraction of Kazakhstan’s total exports, the increased U.S. tariffs are unlikely to have a significant macroeconomic effect. These figures are also backed by the Kazakh Ministry of Trade and Integration indicating that these new tariffs would affect only 4.8% of Kazakhstan’s exports to the U.S., as key exports such as crude oil, uranium, silver, and ferroalloys are exempted (Eruygur, 2025). Given that these exempted commodities constitute the majority of Kazakhstan’s exports to the U.S., the immediate macroeconomic impact on Kazakhstan’s economy is expected to be limited. In contrast, the U.S. has a trade surplus with other Central Asian economies where U.S. exports constitute 70–80% of total trade volumes in the region. These countries currently face a 10% base tariff on their exports to the U.S., indicating a relatively stable trade relationship compared to Kazakhstan’s situation (Bohannon & Pequeno, 2025).

**Figure 2**  
*U.S. Exports to and Imports from Central Asian Countries in 2024 (million \$)*



Source: United States Census Bureau, 2025

However, Kazakhstan has a leverage in his sleeves that could be used to ease the tariff situation with the U.S. Kazakhstan’s substantial reserves of rare-earth elements are critical to U.S. technology and defense sectors, which attracts the attention of Washington as part of its efforts to reduce dependency on China on importing these rare earth elements. According to World Bank estimates, Kazakhstan possesses more than 5,000 rare-earth mineral deposits, valued at over \$46 trillion (Mamishhev, 2024). Therefore, Kazakhstan has emerging as an ideal alternative partner for securing critical sources of rare-earth minerals which is essential for semiconductor chip production in the U.S. On this point, Kazakhstan could play this circumstance to its advantage during the negotiations with Washington on reducing the tariff levels.

Besides direct effects there are some indirect effects are emerging as a result of Trump’s administration policies. Countries such as China, Vietnam, South Korea, and Japan, facing higher tariffs on their exports to the U.S., are increasingly seeking alternative markets where their products retain competitive advantages. Central Asia, due to its geographical proximity and growing economic potential, is becoming an attractive destination for these countries. Notably, China’s trade with Central Asian nations reached \$94.8 billion in 2024, with Kazakhstan accounting for 46% of this volume at \$43.8 billion (Orda, 2025).

This shift suggests that Central Asian markets may experience increased competition from foreign goods, potentially challenging local industries and businesses. Membership in the Eurasian Economic Union (EAEU) may offer limited protection, as the tariffs imposed by the U.S. on Asian countries like China surpass the EAEU’s tariff rates, potentially allowing for a surge of foreign goods into Central Asian markets. Therefore, Central Asian countries need to monitor and adapt to shifting trade patterns and preparing strategic economic planning will be essential to mitigate potential adverse effects on local industries.

When considering other indirect effects on U.S.-Kazakhstan relations, one of the key issues emerging is the future trajectory of U.S.-Russia relations and

related sanctions policies. Given that Kazakhstan's economy is closely linked to Russia's, any changes in U.S. sanctions against Moscow directly affect Kazakhstan's trade, transportation routes, and overall economic stability. During periods of intensified U.S. sanctions against Russia, such as those applied between 2014 and 2020 after Crimea's annexation, Kazakhstan experienced consequences including currency devaluation, trade disruptions, and financial instability. Conversely, if Trump's second administration eases sanctions against Russia, Kazakhstan could significantly benefit from normalized trade flows, reduced transportation costs, and increased investment inflows (Beketova et al., 2025). Furthermore, a potential U.S.-Russia rapprochement under Trump could stimulate Russian demand for Kazakh goods due to reduced economic constraints, expanding Kazakhstan's export opportunities to Russia. Agricultural, machinery, and processed metal sectors, previously adversely affected by Russia's economic stagnation, might thus experience increased exports, positively impacting Kazakhstan's trade balance and GDP.

Therefore, it could be stated that Trump's early stages of the second-term policies are already generating complex outcomes for Kazakhstan and Central Asia, presenting both opportunities and challenges. However, uncertainties in U.S. policies toward Russia and China, combined with Trump's transactional diplomatic approach, introduce risks that Kazakhstan must carefully manage. While a potential easing of U.S.-Russia tensions would be beneficial for trade and financial stability, it could also reinforce Russia's regional influence, complicating Kazakhstan's economic diversification efforts. In this context, Kazakhstan's multi-vector strategy remains crucial under the Trump administration's shifting geopolitical landscape, ensuring the country maximizes economic gains while minimizing strategic vulnerabilities.

## CONCLUSION

The 2024 re-election of Donald Trump as President of the United States marks a significant moment in contemporary political history, not only for its electoral uniqueness but also for the ideological and strategic shifts it has set in motion. Trump's second term builds upon the foundations of his earlier presidency, yet with greater institutional support, a more ideologically cohesive cabinet, and a refined policy agenda rooted in economic nationalism, transactional diplomacy, and unilateralism. His administration reflects a deliberate effort to depart from multilateral traditions, favoring bilateralism and power-centered negotiations in both domestic governance and international relations.

The policy framework of the second Trump administration prioritizes reshaping global trade, challenging traditional alliances such as NATO, and countering China through tariffs, technological restrictions, and supply chain realignment. These actions are not without consequence: they contribute to the erosion of diplomatic norms, the destabilization of existing geopolitical alignments, and the potential weakening of U.S. soft power in the long term. While they appeal to a domestic base focused on national sovereignty and economic protectionism, they also signal a strategic recalibration that unsettles global governance structures.

Within this evolving global landscape, Kazakhstan occupies a uniquely sensitive and strategic position. The country's vast reserves of rare earth elements, its geographic location between Russia and China, and its increasing relevance

in U.S. strategic calculations place it at the heart of a shifting geopolitical environment. The Trump administration's renewed interest in resource security and supply chain diversification elevates Kazakhstan's importance as a potential partner. Simultaneously, the possibility of a thaw in U.S.–Russia relations under Trump introduces additional layers of complexity, offering Kazakhstan both opportunities for economic expansion and risks tied to shifting regional power dynamics.

In sum, Trump's second presidency presents a complex matrix of disruption and opportunity. For Kazakhstan and the broader Central Asian region, the next four years may define new trajectories in economic cooperation, strategic alignment, and geopolitical autonomy. Navigating these shifts will require a careful balancing act, one that considers not only immediate gains but also the long-term implications of a U.S. foreign policy increasingly defined by nationalism, pragmatism, and transactional engagement. In this context, several policy measures may help Kazakhstan and its regional partners respond more effectively to emerging challenges and strategic openings:

- Kazakhstan should recognize that the U.S. trade deficit is driven largely by essential energy imports and use this reality to assert its position more confidently in trade dialogues with Washington.
- Rare earth mineral resources should be strategically leveraged by Astana as bargaining tools in negotiations with the U.S., particularly in light of Washington's efforts to restructure critical supply chains away from China.
- Astana should reinforce its multi-vector foreign policy by deepening ties with emerging and alternative partners—including the EU, Gulf states, and Southeast Asia—to counterbalance shifts in U.S.–China dynamics.
- Supporting local industries—through targeted subsidies, infrastructure development, and innovation incentives—can help strengthen the international competitiveness of Kazakh businesses and prepare them to navigate increasingly protectionist global markets.
- Coordinated regional frameworks among Central Asian countries should be strengthened to monitor and manage potential overflows of redirected exports from tariff-affected countries, protecting local producers from market saturation.

### **Ethical Commission Approval**

This study did not require approval from an ethics committee as it did not involve human participants, animals, or sensitive personal data. All data used in this research were obtained from publicly available sources.

### **Conflict of Interest Statement**

There is no conflict of interest with any institution or person within the scope of this study.



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**FACTORS AFFECTING CDS PREMIUM AND FUTURES CONTRACT  
PRICES: EXAMPLE OF TÜRKİYE**

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**ABSTRACT**

This study examines the relationship between the Türkiye CDS premium and the prices of USD/TL and BIST30 futures contracts traded on BIST VIOP. In addition, the national and global variables affecting these three variables were analyzed. Based on the literature, four national and eight global variables were used to explain these variables. Inflation, industrial production index, central bank external debt, and reserve data are used at the national level. The VIX and MSCI ACWI indices and CDS premiums of the USA, China, Germany, Italy, the United Kingdom, and Brazil were used at the global level. Data were collected at a monthly frequency covering the period from August 2018 to December 2024. VAR model-based, Granger causality, impulse response, and variance decomposition analyses were conducted. The results reveal a relationship between CDS and BIST30 futures with both global and national variables, while USD/TL futures are primarily influenced by national factors. The effect of the structural breaks was also significant.

**Keywords:** Credit default swap, Futures and options market, Futures contract, Time series analysis, Türkiye.

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