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Domestic Reordering and Strategic Realignment

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FROM THE EDITOR

This annual report, comprising a comprehensive collection of policy briefs, offers an in-depth analysis of the pivotal events and structural shifts characterizing the United States in 2025. The inauguration of the 47th President and the aggressive implementation of the "America First" doctrine have fundamentally reshaped the nation's domestic trajectory and its strategic engagement with the global community.

Thematic analyses cover critical transformations within the American state, including the radical reorganization of government institutions, the enforcement of strict immigration policies, and the establishment of a new economic foundation based on fiscal protectionism. Additionally, the report deeply analyzes the strategic merger between the Pentagon and the technology sector, exploring how artificial intelligence and the legitimization of digital assets are being utilized to secure US technological hegemony.

Policy briefs highlight the profound shift in US foreign policy from liberal internationalism to transactional realism and economic coercion. The report underscores the administration's evolving strategies across key geopolitical theaters: the intensified institutional confrontation with China, the restructuring of security architecture in the Middle East—ranging from military escalation to the pragmatic reintegration of isolated regimes—and the strategic elevation of Central Asia. Several papers assess the growing importance of the C5+1 format and new logistical corridors for diversifying US supply chains.

Overall, the Center for American Studies presents these insights to provide a clear understanding of the new administration's agenda and its lasting impact on the international order, examining how domestic reforms are directly projected onto the global stage.

EXECUTIVE SUMMARY

- The inauguration of Donald Trump as the 47th President marked the beginning of a promised "Golden Age," characterized by a radical departure from the previous administration's policies through the immediate revocation of 78 executive orders. The administration established a course of aggressive protectionism, industrial renaissance, and isolationism, signaled by withdrawals from the WHO and the Paris Agreement, alongside strict anti-immigration measures and a commitment to dismantling the "deep state" through the new Department of Government Efficiency.
- The administration has initiated a comprehensive restructuring of the State Department to align the diplomatic corps with the "America First" doctrine, replacing generalist diplomats with regional specialists and enforcing strict ideological cohesion. This reform involves the liquidation of the Bureau of African Affairs and USAID, shifting towards a transaction-based foreign policy that prioritizes loyalty and reduces the US international footprint in favor of targeted, resource-driven bilateral engagement.
- Serving as the economic bedrock of the second term, this legislation cements permanent tax cuts for corporations and the wealthy while dismantling the social safety net, including severe cuts to Medicaid and SNAP. The act represents a shift toward fiscal populism and protectionism, effectively ending the previous administration's green energy initiatives and reallocating funds to border security and defense, despite projections of a record increase in the national debt.
- The domestic landscape was defined by deepening systemic crises, including a "zero migration" policy that triggered labor shortages and a weaponized government shutdown used to purge the federal workforce. The administration aggressively expanded executive power, utilizing the National Guard for domestic law enforcement and leveraging the judicial "shadow docket" to bypass legislative gridlock, resulting in profound institutional polarization and civil unrest.
- A strategic merger between the Pentagon and Silicon Valley has been formalized through the creation of "Unit 201," integrating tech giants like OpenAI and Palantir directly into the military-industrial complex. This militarization of the IT sector aims to achieve global dominance in autonomous weaponry and surveillance, eroding previous ethical barriers in the commercial tech sector to accelerate the development of lethal AI capabilities.
- The global technology race has crystallized into a clash of two distinct doctrines: the US "AI Action Plan," focusing on deregulation and absolute hegemony, versus China's infrastructure-heavy "Global AI Governance Initiative." While Washington utilizes export controls and "ideologically free" standards to contain competitors,

Beijing counters with a strategy of self-sufficiency and inclusive partnerships with the Global South, turning AI governance into a central geopolitical battlefield.

- The administration has legitimized the crypto market through the "GENIUS" Act, establishing a federal framework for stablecoins backed by US Treasury bonds to mitigate the national debt crisis. This policy encourages the integration of digital assets by traditional financial institutions and opens pension funds to crypto investments, aiming to position the US as the "crypto capital of the world" while creating a new, private financial architecture.
- US foreign policy has shifted from liberal internationalism to transactional realism, characterized by the direct use of economic coercion, such as sanctions on major Russian oil companies, to force geopolitical outcomes. This approach relies on bilateral deals and pressure on allies, as seen in the asymmetrical trade agreements with Japan and South Korea, prioritizing immediate economic benefits over long-term alliance structures.
- Despite US pressure, China has strengthened its global position by filling the vacuum left by American isolationism and leveraging its "deep infrastructure" and industrial capacity. Beijing's strategy involves transforming international institutions from within and expanding influence in the Global South, proving that US sanctions have largely failed to curb China's technological rise and instead accelerated its drive for self-sufficiency.
- The President's tour of Asia solidified a pragmatic "investment for security" framework, securing billions in commitments from Japan and South Korea while establishing a tactical "pause" in the trade war with China. The administration prioritized economic deals regarding critical minerals and supply chains over ideological confrontation, signaling a willingness to engage in transactional diplomacy even with strategic rivals to benefit the US economy.
- The US adopted a strategy of "leading from behind" in the Middle East, tacitly supporting Israel's decisive "Rising Lion" military operation to dismantle Iran's nuclear and command infrastructure. This approach aimed to forcibly alter the regional balance of power to compel a weakened Tehran into negotiations, accepting short-term escalation and humanitarian costs for the prospect of a restructured security architecture.
- In a stark example of the new transactional diplomacy, Washington ended the isolation of Damascus, hosting the new Syrian president and suspending sanctions in exchange for security cooperation and counterterrorism alignment. This pragmatic pivot prioritizes stabilizing the region and countering Iranian influence over human rights concerns, opening Syria to reconstruction investment and reintegration into the regional economy.
- The US has elevated its engagement with Central Asia to a strategic level, hosting a historic C5+1 summit to secure access to critical minerals and diversify supply chains away from China. The administration utilized the summit to finalize major economic agreements, including aircraft sales and infrastructure projects,

positioning the US as a key alternative partner for the region's multi-vector foreign policy.

- Washington is actively promoting the Zangezur Corridor as a critical element of the "Middle Corridor" to connect Central Asia to Europe, bypassing Russia and Iran. The US proposal involves leasing the corridor to a private American company to act as a neutral guarantor, aiming to resolve the Armenia-Azerbaijan transit dispute through economic incentivization while securing strategic logistical control in the South Caucasus.

ON THE INAUGURATION OF DONALD TRUMP AND FIRST DECISIONS AS PRESIDENT OF THE USA

On January 20 of this year, Donald Trump officially assumed office as the 47th President of the United States of America. Due to cold weather, the inauguration took place inside the Capitol building in Washington, D.C.

Ceremony and Inaugural Address. The ceremony was attended by living former U.S. presidents, including Joe Biden, as well as key political figures and high-ranking foreign guests, notably Vice President of China Han Zheng. In addition to politicians, major businessmen were present at the inauguration, specifically the leaders of technology corporations Elon Musk, Jeff Bezos, and Mark Zuckerberg, as well as TikTok CEO Shou Zi Chew[1].

Shortly before the ceremony, Biden signed an executive order pardoning members of his family, which, given the absence of criminal prosecutions against them, effectively guarantees them legal immunity in the future. Biden also wrote a letter to Trump but did not disclose its content. "That's between Trump and me," he said[2]. Trump took the oath of office alongside Vice President J.D. Vance, and the solemn atmosphere, filled with symbolic details, lent historical significance to the event.

In his inaugural address, Trump announced the beginning of a "Golden Age of America." He stated that his mission is to restore the nation's greatness and improve the well-being of its citizens. In the economic sphere, Trump emphasized the need for an "industrial renaissance," announcing the "Reviving America" program. This initiative aims to support domestic manufacturing, reduce the tax burden on business, and eliminate bureaucratic barriers. Furthermore, he promised to strengthen protectionist measures, including raising tariffs on imports, especially regarding China.

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[1] Here Is Who Is Attending Trump's Inauguration. (2025, January 16). Time. Retrieved from https://time.com/7207709/trump-inauguration-guest-list-tech-executives-foreign-leaders-celebrities-politicians/

[2] 'That's between Trump and me': Biden confirms he left letter for his successor. (2025, January 20). The Times of India. Retrieved from https://timesofindia.indiatimes.com/world/us/thats-between-trump-and-me-biden-confirms-he-left-letter-for-his-successor/articleshow/117403605.cms

Trump expressed confidence that America must once again become the global leader in innovation, industry, and technology. He also confirmed his intention to complete the construction of the wall on the border with Mexico to "stop illegal migration once and for all." As part of tightening migration policy, he promised to introduce sanctions against employers hiring illegal migrants and to implement a new migration system based on merit and the economic contribution of migrants. A deportation program for illegal migrants with criminal records was also announced, which, according to him, will increase citizen safety. Mexican drug cartels will be designated as terrorist organizations, allowing regular military units to be used against them.

In the realm of foreign policy, Trump stated that the U.S. will strive for peace and cooperation but will firmly defend its national interests. He emphasized that America will not intervene in conflicts that do not concern its direct interests and will focus on strengthening the economy and defense capabilities. Additionally, his statement regarding the intention to return U.S. control over the Panama Canal caused wide resonance. The President emphasized that the transfer of control over the canal to Panama in 1999 was inexpedient[3].

Against the backdrop of ongoing debates about gender identity, Trump stated that gender will be determined exclusively as male or female, which, according to him, reflects human biological nature. Furthermore, significant attention in his speech was devoted to issues of free speech and government censorship, especially in the context of digital platforms. Responding to criticism of the government regarding internet control, Trump promised to take decisive steps to remove government censorship and ensure the right of citizens to freely express their opinions. With these statements, Trump effectively signaled an intention to strike a powerful blow against the ideological platform of the Democratic Party, forcing it into a deep defensive position and compelling it to begin radical reform.

First Day of the Presidency. On his first day in the White House, Trump took a series of decisive steps, revoking 78 executive orders and memoranda adopted by the

[3] President Donald J. Trump's Inaugural Address in Washington, DC on January 20, 2025. (2025, January 20). Retrieved from https://ci.usembassy.gov/president-donald-j-trumps-inaugural-address-in-washington-dc-on-january-20-2025/

Biden administration[4]. Among other things, he announced pardons for most of those accused in the storming of the Capitol in January 2021. Trump also signed an executive order extending TikTok's ability to operate in the U.S. for 75 days and announced the U.S. withdrawal from the World Health Organization and the Paris Climate Agreement. The decision was argued by a loss of trust in international organizations, which may weaken the U.S. position as a global leader.

As promised in the inaugural speech, Trump signed an executive order directing the commencement of the process to rename the Gulf of Mexico to the American Gulf. Orders were also signed tightening conditions for granting U.S. citizenship and strengthening measures against illegal crossing of the southern border. In the energy sector, Trump confirmed the intention to increase oil and gas extraction by opening new wells and announced plans to declare a state of emergency in the energy sector to stimulate domestic production, reflecting his priority on energy independence and economic growth. Trump also intends to reform the entire system of government agencies, particularly the Federal Reserve System, which could entail changes to the fundamental bases of American statehood and economy.

Although the Russia-Ukraine topic was not designated among the priorities, Trump's attention to this issue remains an important theme. Trump stated President Zelensky's readiness for a "deal" with Russia but noted the uncertainty of Putin's position. Simultaneously, he froze all foreign financial aid processes, including to Ukraine, to evaluate their effectiveness from the perspective of U.S. national interests.

Additionally, Trump announced the launch of the largest project in the history of technology—the development of artificial intelligence (AI), for which $500 billion will be allocated to create a supercomputer and a data processing center in Texas. Thus, Trump annulled Biden's 2023 executive order which limited AI development for the sake of "safety." Thereby, he signaled that his administration is betting on U.S. technological leadership in the global race[5].

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[4] Trump Administration Rescinds Certain Actions by the Previous Administration to Ease Cuba Sanctions. (2025, January 22). Holland & Knight. Retrieved from https://www.hklaw.com/en/insights/publications/2025/01/trump-administration-rescinds-certain-actions-by-the-previous-admin

[5] Shifting AI Policies: President Donald Trump Issues New AI Executive Order and Revokes Another. (2025, January 27). Law and the Workplace. Retrieved from

Trump's main task in the near future will be the formation of his Cabinet. Hearings for candidates for various positions recommended by Trump himself are underway in the U.S. Senate. On Inauguration Day, the Senate approved Marco Rubio's candidacy for the post of U.S. Secretary of State by a majority vote. On the first day of Trump's presidency, the Department of Government Efficiency was created, led by Elon Musk with the status of a presidential council at the White House.

Donald Trump's inauguration in 2025 became a symbol of the continuing transformation of American politics. The return to power of a leader known for his unconventional approach has raised numerous questions about the future of the U.S. and its role on the world stage. The long-term consequences of the announced initiatives depend on their implementation. If the administration manages to balance its actions without violating democratic principles and minority rights, this could contribute to strengthening trust in the political system. Otherwise, the radicalization of rhetoric and decisions risks intensifying societal contradictions.

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https://www.lawandtheworkplace.com/2025/01/shifting-ai-policies-president-donald-trump-issues-new-ai-executive-order-and-revokes-another/

ON THE REORGANIZATION OF THE STATE DEPARTMENT

The Trump administration has prepared a draft for a radical reform of the U.S. State Department, envisioning a significant reduction and reorganization of the agency.

The stated goal of this transformation is to optimize the execution of the agency's mission, project American power abroad, cut costs, combat fraud and abuse, and align the State Department's activities with the "America First" strategic doctrine, which reflects the executive branch's priorities and is based on the principle of evaluating any foreign policy decision in terms of its contribution to the security, power, and prosperity of the United States.

Note: The Executive Order directs the Secretary of State to immediately commence structural and personnel reforms to realize this vision, citing the President's constitutional powers and several legislative acts, including the Foreign Service Act of 1980 and the State Department Basic Authorities Act of 1956, with the full transition to the new structure to be completed no later than October 1, 2025.

Restructuring. According to the order, a fundamental reformatting of the State Department's regional structure is taking place. Previously existing regional bureaus, specifically the Bureau of South and Central Asian Affairs, are being consolidated into four new regional corps under the leadership of the Under Secretary for Political Affairs: the Eurasian Corps, the Middle Eastern Corps, the Latin American Corps, and the Indo-Pacific Corps. Notably, for countries with complex geopolitical or cultural affiliations, such as Turkey and the Central Asian republics, a status of "hybrid posts" is being introduced[6].

Simultaneously, the Counterterrorism Bureau is being removed from the management of the Under Secretary for Political Affairs and subordinated to the newly created Under Secretary for Transnational Threat Elimination, under whose aegis the Bureau of International Narcotics and Law Enforcement Affairs (renamed the Bureau of Narcotics), the Office to Monitor and Combat Trafficking in Persons, and the Bureau of

[6] Major Changes in Trump's Overhaul US State Department. (2025, April 22). Reuters. Retrieved from https://www.reuters.com/world/us/major-changes-trumps-overhaul-us-state-department-2025-04-22/

Diplomatic Security are also being consolidated. Meanwhile, the Bureau of Conflict and Stabilization Operations is abolished.

A specific approach is applied to Canada: diplomatic relations with it are transferred to a significantly reduced Office of North American Affairs within the Secretary's staff, and the staff of the embassy in Ottawa must be radically reduced to a strictly defined number of employees by October 1, 2025. The Bureau of African Affairs is liquidated, and its functions, along with the closure of all "non-essential" embassies and consulates in sub-Saharan countries by October 2025, are transferred to a new Special Envoy for African Affairs, reporting directly to the White House National Security Council and responsible for counterterrorism operations, strategic extraction and trade of critical natural resources, and targeted bilateral diplomacy. The Bureau of International Organization Affairs is also abolished, and its functions regarding interaction with the UN are transferred to a reorganized Office of the U.S. Ambassador to the UN within the Secretary's staff.

Personnel Policy. Parallel to structural changes, a massive reform of personnel policy is taking place, affecting both the Foreign Service and the Civil Service. For the Foreign Service, a transition is being introduced from the rotation of generalist diplomats to a system of regional specialization. Henceforth, upon entering the service, employees must choose one of the four regional corps and spend a minimum of three standard overseas tours (equivalent to nine years of service) there before becoming eligible for inter-regional transfer. To incentivize service in dangerous locations, a rewards program is being introduced: after completing a one-year tour in such a location, an employee gains the right to the next three-year tour at any embassy of their choice worldwide, with this year counting as one full tour[7].

The traditional Foreign Service Officer Test is cancelled; a new selection procedure, which must be adopted by October 1, 2025, will be based on criteria such as leadership qualities, regional knowledge, oratorical skills, knowledge of U.S. history and geopolitics, command of English, professional appearance, negotiation skills, and, notably, alignment with the President's foreign policy vision. The presence of a White House representative on selection committees becomes mandatory.

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[7] Executive Order on the Strategic Reform and Reorganization of the U.S. Department of State [Draft]. (2025, April). Puck News. Retrieved from https://puck.news/wp-content/uploads/2025/04/Draft-State-EO-1.pdf

The role of the Foreign Service Institute in language training of employees in accordance with their regional specialization is being strengthened. Simultaneously, internship programs funded by the State Department through Howard University are terminated; the order motivates this by the inconsistency of preferences in hiring African Americans in favor of more professional candidates based on "merit, professional discipline, and strategic ideological cohesion."

Current fellows are offered a choice: either enter the service subject to meeting new requirements and readiness to support the administration's agenda, or be released from obligations. The possibility of creating a new internship program in partnership with other universities is provided, but subject to approval by the Secretary of State and the Director of the White House Office of Management and Budget. For current employees unwilling to transition to the new model or serve the administration's interests, an option for voluntary separation with compensation payment is provided.

Staff Reduction. The general principles of the agency's functioning will undergo substantial changes. A number of iconic positions and units are being abolished, including the Special Presidential Envoy for Climate, the Bureau of Oceans and International Environmental and Scientific Affairs, the Office of the Global AIDS Coordinator (whose functions are transferred to the Office of Global Health Affairs and the Joint Task Force on Infectious Disease Control), the Office of Foreign Assistance, the Office of the Under Secretary for Public Diplomacy and Public Affairs, the Office of the Under Secretary for Civilian Security, Democracy, and Human Rights, the Office of International Religious Freedom, the Office to Monitor and Combat Antisemitism, the Bureau of Population, Refugees, and Migration, the Office of Global Criminal Justice, the Policy Planning Staff, and the Office of the Under Secretary for Arms Control and International Security[8].

Notably, the functions of the abolished Office to Monitor and Combat Antisemitism are transferred to a new Coordinator for Global Jewish Affairs within the newly created Office of Israeli-Palestinian Affairs under the Middle Eastern Corps. Funding and management of Fulbright academic exchange programs and language scholarships are transferred to the National Security Education Program, with a

[8] State Department releases reorganization plan. (2025, April 22). POLITICO. Retrieved from https://www.politico.com/news/2025/04/22/state-department-reorganization-plan-00302606

reorientation towards the study of critical languages and disciplines related to national security (strategic studies, cybersecurity, nuclear policy, etc.).

A new Bureau of Humanitarian Affairs is being created, which is intended to take over critical functions of the previously independent U.S. Agency for International Development (USAID) and operate under strict oversight of the new Department of Government Efficiency, which is granted broad powers to monitor organizational effectiveness, and any creation of new units or staff expansion requires its approval, as well as written approval by the President. A doctrine of "Strategic Cohesion" is introduced, requiring professional execution of the President's foreign policy priorities from all employees, with an emphasis on message discipline and operational consistency over personal beliefs outside of official duties.

The Trump Team's Vision. The implementation of these large-scale reforms is accompanied by notable events and contextual factors reflected in media reports. Thus, the process of the de facto liquidation of the Agency for International Development proceeded quite aggressively. The State Department notified Congress of its closure, which, according to Secretary of State Marco Rubio, will affect about 5,000 of 6,000 programs and lead to the cessation of funding for most areas of activity, including the fight against HIV/AIDS, malaria, and child hunger[9].

This was preceded by Rubio's appointment as Acting Administrator of USAID in February of this year, accusations of insubordination against the agency, mass layoffs and forced leave for thousands of employees both in the U.S. and abroad (out of more than 10,000 employees, only 294 were allowed to continue working), as well as the involvement of Elon Musk's so-called Department of Government Efficiency, which gained access to the agency's databases and attempted to physically enter its headquarters to do so. Pete Marocco, who oversaw the liquidation of the Agency, left his post at the State Department in mid-April of this year after, according to an administration representative, fulfilling the task of identifying "misuse of taxpayer

[9] Secretary of State Rubio says purge of USAID programs complete, with more than 80% of agency's programs gone. (2025, March 10). PBS NewsHour. Retrieved from https://www.pbs.org/newshour/politics/secretary-of-state-rubio-says-purge-of-usaid-programs-complete-with-more-than-80-of-agencys-programs-gone

funds" in the sphere of foreign aid[10]. The administration's actions provoked protests and lawsuits from Democratic congressmen, unions, and contractors challenging the legality of closing USAID without Congress's consent, but court decisions as of mid-April generally allowed the administration to continue the reduction process.

Parallel to restructuring and program cuts, a review of approaches to certain traditional areas of State Department activity is taking place. In particular, according to a leaked internal memo from mid-April of this year, the State Department's annual human rights reports are undergoing significant reduction: instructions are given to remove sections dedicated to prison conditions, corruption, restrictions on political participation, freedom of assembly and movement, the presence of political prisoners, restrictions on free and fair elections, forced return of refugees, persecution of human rights defenders, as well as references to violence and discrimination against LGBTQ+ persons, gender-based violence, and other issues. It is asserted that these changes are aimed at "optimizing" the reports and aligning them with current U.S. policy and recent presidential orders, reducing content to the legally required minimum. Critics see this as a departure of the U.S. from the role of a global defender of human rights.

Mechanisms for internal control over ideological loyalty are also being implemented: in mid-April of this year, it became known that an order was issued to State Department employees to report instances of colleagues displaying "anti-Christian bias," which is linked to a February order on combating such bias. The general atmosphere within the agency is characterized as tense; in late April, the circulation of a document, allegedly a draft executive order on an even more radical reorganization (although called a "fake" by Secretary Rubio), caused panic among diplomats fearing mass layoffs. These fears are reinforced by reports of administration plans to propose that Congress cut the State Department budget by 48%, slash funding for international organizations by 90%, and fire "tens of thousands" of employees, although it is noted that these proposals will require complex coordination in Congress[11].

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[10] Pete Marocco, Who Helped Gut Foreign Aid for Trump, Leaves State Department. (2025, April 14). The New York Times. Retrieved from https://www.nytimes.com/2025/04/14/us/politics/pete-marocco-usaid-trump-state-department.html

[11] Trump memo outlines plan to slash US state department budget in half. (2025, April 14). The Guardian. Retrieved from https://www.theguardian.com/us-news/2025/apr/14/trump-white-house-state-department-budget

Secretary Rubio himself officially announced reforms on April 22 of this year, stating the need to end "decades of bloat and bureaucracy" and confirming the closure of 132 offices and the requirement for units to submit plans for a 15% personnel cut, emphasizing cooperation with Elon Musk's agency in this process. Against the backdrop of these internal transformations, changes in foreign policy approaches are also observed: for example, on April 23, 2025, Secretary Rubio cancelled his trip to London for a high-level meeting on Ukraine, which some media linked to possible disappointment within the Trump administration regarding prolonged negotiations and a shift of attention to "other priorities" consistent with the "America First" doctrine.

Overall, the Trump Administration's policy regarding the State Department reflects a course towards reducing the U.S. international presence, simplifying foreign policy tasks, and prioritizing internal ideological loyalty, which leads to a revision of the country's role in the world and has long-term consequences for its reputation and diplomatic system.

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Passed by the US Congress on July 4 of this year and signed by President Trump, the "One Big Beautiful Act" became the first significant legislative achievement of his second term. The White House presented this event as a triumph for the President, although many assessed it as an act of unprecedented fiscal profligacy threatening the long-term economic well-being and global competitiveness of the country.

Prior to the vote, the bill was criticized not only by all Democrats but also by some members of the President's own party. Some were dissatisfied with the decision to sharply cut spending on social programs. Others insisted that the bill, conversely, involved too much additional spending, which could further increase the budget deficit. Opponents of the bill from the Republican Party demanded serious changes to the document before the vote. As a result, the outcome of the vote was decided by a margin of only two votes in the House of Representatives and the Vice President's casting vote in the Senate due to a tie[12].

The adoption process itself, conducted in haste due to Trump's desire to sign it on Independence Day, July 4, demonstrated both the President's control over the Republican Party as a whole and exposed deep ideological contradictions and the dysfunction of the modern American legislative process.

Adopted with a minimal margin and without a single vote from Democrats, this 887-page document provides, in particular, for a significant reduction in government spending, the extension of tax breaks enacted by Trump back in 2017, as well as an increase in spending on the armed forces and border protection. Structurally, the document represents not so much a consistent economic program as a chaotic layering of traditional Republican dogmas on tax cuts, populist concessions, and lobbying interests.

Ideologically, the adopted law demonstrates the internal paradox of modern Republicanism: it serves the interests of the wealthy electorate and corporations while

[12] US Senate Republicans narrowly pass Trump's 'big, beautiful' bill. (2025, July 1). BBC News. Retrieved from https://www.bbc.com/news/articles/clyzzzdj15vo

simultaneously striking a blow to social programs upon which the working class, attracted by Trump's rhetoric, increasingly relies. The basis of the law was the extension and permanent consolidation of the tax cuts of Trump's first term, which includes maintaining reduced rates for individuals and a single corporate rate at 21 percent. Added to this are measures such as a temporary increase in the SALT (State and Local Tax) deduction limit to 40,000 dollars and indefinite permission for businesses to immediately write off 100 percent of R&D and equipment expenses[13].

Embedded within this traditional framework are Trump's populist initiatives, such as the temporary exemption of tips and overtime pay from taxes (deductions up to 25,000 dollars and 12,500 dollars respectively), which are secondary in nature and valid only until 2028. "Trump Savings Accounts" for minors were also introduced with low limits and starting support from the state (1,000 dollars per child).

The law turned out to be filled with many hidden and sometimes ineffective provisions reflecting the chaotic nature of its adoption: from the repeal of the 100-year-old tax on firearm silencers and tax breaks for rum producers in Puerto Rico to the creation of a system encouraging inefficiency in the food assistance program. For example, according to an amendment, states with the highest error rates in payments are exempted from co-financing, which stimulates deterioration rather than improvement of administration. At the same time, contrary to Trump's rhetoric, the law increases subsidies under the 2022 CHIPS Act for semiconductor production – partly as a concession to moderate Republicans from the US industrial belt[14].

These tax breaks are financed through the most massive attack in decades on the federal social safety net and environmental initiatives. The hardest hit are the Medicaid health insurance program for the poor and the food assistance program, spending on which amounts to nearly 1 trillion dollars. The introduction of strict work requirements (80 hours per month) and the cancellation of automatic re-registration, according to forecasts by the independent Congressional Budget Office, will lead to up to 17 million people losing health insurance by 2034, and more than 4 million, including children,

[13] The One Big Beautiful Bill Act Signed into Law: Tax Implications at a Glance. (2025, July 9). Mintz. Retrieved from https://www.mintz.com/insights-center/viewpoints/2906/2025-07-09-one-big-beautiful-bill-act-signed-law-tax-implications
[14] One Big Beautiful Bill Act. (2025). In Wikipedia. Retrieved from https://en.wikipedia.org/wiki/One_Big_Beautiful_Bill_Act

losing food assistance. Rural areas in pro-Republican states, where the share of Medicaid recipients is higher and the healthcare system is more vulnerable, will suffer particularly badly. Closures of hospitals, service reductions, and the formation of "maternity deserts," denoting territories with low birth rates or high infant mortality, are possible there. The provided fund for supporting rural hospitals (50 billion dollars) does not compensate for these consequences.

Simultaneously, the law almost completely dismantles the key achievement of the Biden Administration, the Inflation Reduction Act, eliminating tax credits for electric vehicles, charging stations, solar panels, and energy efficiency. According to industry representatives and research centers, this will devastate the renewable energy industry, lead to the cut of tens of thousands of jobs, and give an advantage to China and the EU in the race for green leadership.

The saved funds are partially redirected to Trump's priorities: 350 billion dollars is additionally allocated for defense and immigration control[15]. These appropriations include funding for the construction of the wall on the border with Mexico; the creation of 100,000 places in migrant detention centers; the hiring of 10,000 new employees for Immigration and Customs Enforcement with signing bonuses, as well as 25 billion dollars for the development of the "Golden Dome" anti-missile system. The law also lays down expedited processing of asylum applications, increased fees for migrants, restrictions on work visas, and a significant expansion of the jurisdiction of US Customs and Border Protection.

However, experts note that from a macroeconomic point of view, the "One Big Beautiful Act" is an act of fiscal irresponsibility. According to their estimates, it will increase the US national debt by 3-4 trillion dollars over the next decade. As a result, the debt-to-GDP ratio is projected to exceed 127 percent by 2034 – the highest figure in the country's history. The Congressional Budget Committee predicts that the annual deficit will reach 7-8 percent of GDP. This, according to economists, will lead to rising rates, reduced investment, crowding out of the private sector, and weakening of the dollar's stability.

[15] One Big Beautiful Bill Act. (2025). Ballotpedia. Retrieved from https://ballotpedia.org/One_Big_Beautiful_Bill_Act

Even more long-term damage is caused by cuts in funding for fundamental science: the budgets of the National Science Foundation and the National Institutes of Health are cut by 44-55 percent. Combined with rhetoric scaring off foreign scientists, this threatens the future of American innovation. Provisions limiting the immediate write-off of R&D costs abroad were subjected to separate criticism, making transnational cooperation less attractive[16]. Universities with large trust funds also came under fire – a new tax on investment income of funds exceeding a set limit was introduced.

An admission of the looming fiscal crisis is the inclusion in the law of a clause raising the national debt ceiling immediately by 5 trillion dollars, bringing it to 41 trillion dollars.

According to critics, this step reflects the realization even by the authors of the law of the inevitability of future deficits. Experts warn that in the absence of structural reforms, the US will face the need to cut the budget or raise taxes as early as the first half of the 2030s. But even such an increase in the debt ceiling does not solve the main problem of the US budget – stopping the vicious cycle of regular coverage of the budget deficit through the issuance of Treasury bonds – debt instruments purchased by both private and institutional, domestic and foreign investors. The state undertakes to pay interest (dividends) on them, and the volume of these mandatory payments becomes one of the largest items of federal spending.

In the budget of the current fiscal year, about 1 trillion dollars has already been allocated for servicing the national debt, which is comparable to or even exceeds budget items for defense and healthcare. Since the Treasury bond market is the foundation of the entire US financial system, debt servicing effectively crowds out discretionary budget items, creating pressure on other spheres. Under conditions of maintaining tax breaks and growing borrowing, the government seeks to contain the budget deficit by cutting social programs.

The law also caused concern in international circles: the retreat from climate goals, the strengthening of protectionist tax measures, and the sharp rise in borrowing

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[16] The One Big Beautiful Bill Act Signed into Law: Tax Implications at a Glance. (2025, July 9). Mintz. Retrieved from https://www.mintz.com/insights-center/viewpoints/2906/2025-07-09-one-big-beautiful-bill-act-signed-law-tax-implications

weaken the US position in negotiations with the EU, China, and developing countries. Representatives of the IMF, OECD, and the European Investment Bank issued statements expressing doubts about the sustainability of Washington's new economic policy. The introduction of permanent tax incentives aimed at supporting American exports has already sparked discussions of possible retaliatory measures in Brussels and Tokyo, including mirror subsidies and countervailing investigations.

Finally, the adoption process and content of the bill are symptoms of a broader political shift – the consolidation and expansion of executive power under Trump. The use of the "reconciliation" procedure to push through a massive political document, public attacks on independent institutions, pressure on dissenters within the party, and ignoring the opinions of specialized Congressional committees reflect the erosion of the legislative process. More than 90 percent of Democratic amendments were rejected, hearings were held in an accelerated mode, and debates in the Senate were limited to 20 hours.

The law became the culmination of a multi-year ideological shift of the Republican Party, turning fiscal conservatism into an instrument of immediate populism. It testifies that the well-known program document "Project 2025" developed by the conservative think tank Heritage Foundation, aimed at consolidating executive power, from which Trump distanced himself during the election campaign, is actually being implemented, and according to some estimates, more than 40 percent of its points have already been implemented at the moment.

Thus, the "One Big Beautiful Act" is not just a fiscal document, but a manifestation of a new style of governance characterized by disregard for the constitutional system of checks and balances between branches of power, institutional constraints, and long-term consequences in the name of achieving immediate political results.

US DOMESTIC POLICY IN 2025: KEY DIRECTIONS AND CHALLENGES

In 2025, the political system of the United States faced a series of deep systemic crises provoked by the deliberate actions of the Donald Trump Administration to fundamentally revise the balance of powers and challenge established legal and political norms. This strategy, aimed at significantly expanding the powers of the executive branch, manifested itself in simultaneous and coordinated pressure on key areas of American statehood: immigration policy, the judicial system, electoral processes, and the foundations of federalism.

As a result of these actions, by the end of the year, the country found itself in a state of permanent institutional conflict, the consequences of which went far beyond traditional partisan disagreements and called into question the basic principles of the American Constitution.

Immigration Policy: Course towards "Zero Migration". The central element of the Administration's political agenda was the implementation of a comprehensive strategy to radically reduce both illegal and legal immigration, which, according to expert estimates, could lead the country to a state of "zero migration."

The legislative basis for this policy was the act signed on July 4 of this year, known as "One Big Beautiful Act," which laid the financial and legal foundation for a massive strengthening of immigration control. This law provides for a sharp increase in funds for a set of measures in the migration sphere: 45 billion dollars for expanding the system of immigration detention centers, 32 billion dollars for operational deportation needs, and over 75 billion dollars for further militarization of the border.

Thus, the material basis was created for achieving the stated goal of deporting illegal immigrants. As a consequence, according to the US Department of Homeland Security, since the beginning of Trump's second term, more than 500,000 illegal immigrants have been deported from the US, and another 1.6 million have left the country on their own[17].

At the same time, the effect of the law went far beyond border control measures, spreading to social and economic spheres and affecting even persons legally present in the country. The legislation denied access to federal medical assistance and food support programs to many categories of persons legally residing in the country, including refugees and asylum seekers.

In addition, new fiscal barriers were introduced: in particular, millions of children in immigrant families lost tax credits, and the fee system was transformed into a deterrence tool with a sharp increase in fees for filing humanitarian and procedural applications, for example, for asylum or work permits.

The assault on immigration also covered the sphere of legal labor migration, targeting highly qualified specialists. The culmination of these efforts was the announcement of a hundredfold increase in the visa fee for skilled workers, raising its cost to 100,000 dollars and creating a serious barrier for American investors, companies, and research institutes, jeopardizing the country's innovation potential.

According to a study by the National Foundation for American Policy, the totality of these measures threatens to reduce the workforce by 15.7 million people by 2035, reduce GDP by 12.1 trillion dollars over a decade, and increase the national debt by 1.74 trillion dollars. The contradictory nature of this policy was clearly manifested during the raid on the Hyundai plant under construction in Georgia, where hundreds of invited South Korean specialists necessary for launching production were arrested, demonstrating a direct conflict between the anti-immigration agenda and the goals of attracting foreign investment.

Ultimately, the created "climate of fear," according to lawyers, spread to the entire immigration system, undermining trust and creating uncertainty even for those who have lived in the country for decades on legal grounds.

[17] 1.6 million people in the US illegally have self-deported, 500K deported: DHS. (2025, October 27). ABC News. Retrieved from https://abcnews.go.com/Politics/16-million-people-us-illegally-deported-500k-deported/story?id=126917302

Suspension of Government Operations: Shutdown as a Political Tool. The Trump Administration's offensive was not limited to legislative actions but extended to strategic manipulation of government functions, which was most clearly manifested during the suspension of federal government operations (shutdown) that began on October 1 of previous year.

This crisis, the second longest in the country's history, fundamentally differed from previous ones in its asymmetry and deliberate instrumentalization by the executive branch. The formal reason was the inability of Democrats and Republicans in Congress to agree on a budget bill, as the Democratic Party insisted on including provisions on extending subsidies for medical insurance and canceling cuts to the Medicaid program.

In response, the Trump Administration applied a dual strategy: on the one hand, it used extraordinary and legally dubious measures to mitigate the most politically sensitive consequences, and on the other, it deliberately exacerbated their negative impact on spheres and regions associated with the Democratic Party. For example, to ensure the timely payment of salaries to 1.3 million military personnel, the President ordered the reallocation of about 8 billion dollars from funds intended for research[18].

Also, the Pentagon accepted a private donation of 130 million dollars from billionaire Timothy Mellon. Parallel to this, appropriations amounting to about 28 billion dollars for projects in Democrat-run cities were frozen, and layoffs of federal employees were initiated. These actions, according to some lawyers, potentially violated the Antideficiency Act, which prohibits federal agencies from spending funds not approved by Congress.

Along with these actions, the Administration used the suspension of government operations as an instrument of political pressure and administrative reform. The White House Office of Management and Budget initiated the dismissal of more than 4,100 federal employees, announcing plans to cut a total of at least 10,000 jobs[19]. Although

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[18] Pentagon to shift $8B in R&D funds to pay troops. (2025, October 19). Breaking Defense. Retrieved from https://breakingdefense.com/2025/10/pentagon-military-pay-shutdown/
[19] Trump administration says about 4,200 federal employees face layoffs. (2025, October 11). Oregon Public Broadcasting. Retrieved from https://www.opb.org/article/2025/10/11/trump-administration-says-about-4200-federal-employees-face-layoffs/

these dismissals were temporarily blocked by a federal court, the very fact of their initiation confirmed the White House's intention to use the crisis to permanently shrink the state apparatus.

Against this backdrop, the political deadlock in Congress only worsened. The House of Representatives under the leadership of Republican Speaker Mike Johnson did not meet for sessions, while the Senate, where Republican Leader John Thune and Democratic Leader Chuck Schumer exchanged mutual accusations, unsuccessfully tried to vote on the Republican-proposed bill more than ten times.

Despite the White House's attempts to manage public opinion, polls showed that an increasing share of Americans, especially among independent voters, blamed the Republican Party for what was happening.

Nevertheless, the real damage to the economy and the population continued to grow. Economists estimated weekly losses to GDP at 0.1–0.2 percentage points, and 1.4 million civil servants on unpaid leave or working without pay faced financial difficulties, leading to queues at free food distribution points[20]. The critical date will be November 1, when funds for the SNAP food assistance program, which provides nutrition to more than 40 million Americans, are projected to run out.

Judicial System Under Pressure. In conditions of legislative paralysis and budget crisis, the Trump Administration accelerated the subordination of the judicial system to its will. The Supreme Court turned into a central arbiter in a profound legal conflict. The main tool for achieving this goal became the so-called "shadow docket" – a procedure for expedited consideration of emergency applications without full briefings, which allowed the White House to achieve its goals bypassing standard legal procedures.

Over the summer, the President won significant victories under this procedure, receiving permission from the conservative majority of Supreme Court justices to cut

[20] When the Government Shutdown Will Affect SNAP, Head Start and Military Pay. (2025, October 28). Military.com. Retrieved from https://www.military.com/daily-news/2025/10/28/when-government-shutdown-will-affect-snap-head-start-and-military-pay.html

education funding, detain suspects based on race during immigration arrests, and restructure federal agencies[21].

This practice, criticized by one of the justices for the lack of proper legal elaboration, caused sharp tension in the judicial system and generated friction with lower courts, which complained about the ambiguity of emergency orders. The situation was aggravated by financial pressure, as the suspension of government operations left federal courts on the verge of running out of funds. Simultaneously, during the fall session of the Supreme Court 2025–2026, cases capable of defining the contours of presidential power for years to come were considered under standard procedure.

Key cases were "Trump v. VOS Selections," concerning the President's right to introduce large-scale tariffs, and "Trump v. Slaughter," questioning the President's authority to fire heads of independent federal agencies (under the Constitution, this falls within the competence of Congress). Not all Administration initiatives had high chances of success, for example, the attempt to abolish birthright citizenship. However, the White House demonstrated a clear preference for the "shadow docket" to promote the most controversial measures.

These legal battles unfolded against the backdrop of exceptional personal pressure on judges, including death threats, which created a "climate of fear" undermining the independence of the judiciary.

Conflicts over Redrawing the Electoral Map. The influence of the Supreme Court extended to the mechanisms of democratic representation itself. Following the legal battles, the US political system was drawn into a conflict unparalleled in the modern era related to the redrawing of electoral districts in the middle of the electoral cycle. This campaign, initiated by President Trump to strengthen the Republican Party's position ahead of the 2026 midterm elections, provoked countermeasures from Democrats.

The starting point of the conflict was the events of the summer, when Republican legislators in Texas, yielding to White House pressure, approved a new map of electoral

[21] Looking back at 2025: the Supreme Court and the Trump administration. (2026, January 6). SCOTUSblog. Retrieved from https://www.scotusblog.com/2026/01/looking-back-at-2025-the-supreme-court-and-the-trump-administration/

districts intended to bring their party up to five additional seats in Congress. This step served as a signal to other Republican-controlled states: soon North Carolina and Missouri carried out similar reforms.

In response, the Democratic Party launched its own campaign, the central element of which became California, where Governor Gavin Newsom initiated a referendum on granting the state legislature the right to independently approve a new map bypassing the independent commission, which would allow creating up to five new Democratic districts. The cost of the campaign on this issue approached 150 million dollars. Following California, Democrats in Virginia also announced plans to revise the electoral map.

However, the strategic position of the parties in this "war" was asymmetric: Republicans had an advantage, controlling a larger number of legislatures in states where the redistricting process was not limited by independent commissions, while Democrats in key states for them, such as New York and Colorado, faced serious institutional obstacles. This escalation of partisan struggle brings the legal aspect of the problem to the forefront, as the legality of many of these new maps of polling stations will be challenged in courts.

Militarization of Domestic Policy: National Guard Deployment. The most direct encroachment on the established political order manifested itself in the extraordinary use of military force to solve domestic political tasks. The Trump Administration initiated the deployment of the National Guard to ensure internal law and order in a number of American cities, which provoked an acute constitutional conflict.

The starting point of the campaign was the federalization and deployment in June of this year of 4,000 fighters of the California National Guard in Los Angeles, carried out despite the objections of Governor G. Newsom. This action was immediately challenged in court as a violation of the Act of 1878, strictly limiting the use of the military for law enforcement purposes within the country.

Following this, the White House attempted to deploy guardsmen in other Democrat-run cities, applying a new, even more controversial tactic – using the National Guard of one state on the territory of another without the consent of the receiving party.

Plans to deploy units from Texas to Chicago and from California to Portland were blocked by federal courts, but the Administration immediately filed appeals, reaching the Supreme Court. These precedents were regarded by many lawyers as a direct encroachment on state sovereignty and the constitutional principle of federalism.

The most complex legal situation developed in Portland (Oregon), where court decisions took on a chaotic character. Federal Judge K. Immergut, appointed by Trump himself, initially issued two temporary restraining orders: one blocked the federalization of the Oregon Guard, and the second – the deployment of any National Guard units on the state's territory[22].

However, the appeals court panel overturned the first order, leading to a legal collision and further appeals, while the troops remained in a state of readiness but could not be deployed. The situation in the nation's capital, Washington D.C., had a special status, where about 2,400 guardsmen from eight states were deployed, and court documents indicated plans for their long-term presence, possibly until the summer of 2026.

At the heart of this multi-level confrontation lay the fundamental question of the limits of federalism, since historically the federalization of the National Guard against the will of a governor was used extremely rarely, and the only significant precedent before Trump was President D. Eisenhower's decision in 1957, which had a clear justification in the form of protecting civil rights during a racial conflict. Current actions, especially the transfer of troops between states, were perceived as an extraordinary step, which, according to some experts, "looks more like an invasion of another country."

New York Mayoral Race: Change of Generations and Ideologies. Against the backdrop of this federal pressure and institutional crisis, the political landscape at the municipal level began to undergo its own significant transformation, most clearly manifested in the New York mayoral election scheduled for November 4 of previous year.

[22] Judge permanently blocks deployment of National Guard to Portland, saying Trump exceeded his authority. (2025, November 7). ABC News. Retrieved from https://abcnews.go.com/US/judge-permanently-blocks-deployment-national-guard-portland-trump/story?id=127325048

This campaign went far beyond a municipal event, turning into a landmark confrontation reflecting deep ideological and generational transformation within the Democratic Party. Unprecedentedly high turnout on the first day of early voting testified to the extreme polarization of the race, in which three key figures clashed: the candidate from the Democratic Party, socialist Zohran Mamdani, former Democratic Governor Andrew Cuomo running as an independent candidate, and Republican Curtis Sliwa.

The phenomenon of Z. Mamdani, a 34-year-old member of the state legislature, was rooted in his ability to formulate a program meeting the demands of a young, economically vulnerable electorate. His platform, including radical proposals such as universal free childcare and a rent freeze, found a lively response among a generation that realized its economic vulnerability.

Z. Mamdani's strategy involved a deliberate shift of emphasis from identity politics to class issues, which allowed him to consolidate the left flank and attract national leaders of the progressive movement to his side, such as Senator Bernie Sanders and Congresswoman Alexandria Ocasio-Cortez.

A. Cuomo built his strategy on an attempt to form a coalition of moderate Democrats, independent voters, and Republicans united by fear of a "socialist experiment." He attacked Z. Mamdani for lack of managerial experience and radicalism, especially in the context of his sharp criticism of Israel, resorting to aggressive and controversial methods. For example, a video generated by artificial intelligence was released, depicting Z. Mamdani's supporters in racist tones.

The decisive factor undermining this strategy was the position of Republican candidate C. Sliwa, who, despite pressure, categorically refused to leave the race, thereby splitting the anti-Mamdani electorate. The Democratic Party also faced an internal split: leading establishment figures refused to support Z. Mamdani until the last moment.

As victory approached, his campaign showed signs of strategic moderation, in particular, an intention was announced to keep the current police commissioner in office, indicating an understanding of the need to build a broader coalition to govern the city.

Thus, the elections in New York became a barometer of political processes on a national scale, demonstrating the erosion of the old Democratic establishment's power and the rise of a new generation of left-wing politicians focused on economic populism. Z. Mamdani's victory could become a crucial precedent setting the development vector for the progressive movement across the country and defining the contours of opposition to the Trump Administration for years to come.

SILICON VALLEY AT THE SERVICE OF THE PENTAGON: A NEW ERA OF US TECHNOLOGICAL REARMAMENT

With Donald Trump's return to the White House, the trend towards rapprochement between Silicon Valley corporations and the Pentagon has noticeably intensified. Technology giants are becoming an integral part of the US military-industrial complex. A symbol of this transformation was the creation in the summer of 2025 of a special unit, "Unit 201," or the "Innovation Development Corps," within which leading managers of technology companies were commissioned as Lieutenant Colonels in the Army Reserve. Among those who took the oath were such iconic figures as Meta CTO Andrew Bosworth, his colleague from Palantir Technologies Shyam Sankar, as well as OpenAI top managers Kevin Weil and Bob McGrew. The official mission of this alliance is to bridge the technological gap between the commercial sector and the military by integrating advanced developments in artificial intelligence (AI), data analysis, and cybersecurity to create a leaner, smarter, and more lethal armed force. This process is not merely a partnership but a shift erasing the remnants of former anti-militarism in the IT sector, once expressed in Google's motto "Don't be evil."

OpenAI is one of the world's leading artificial intelligence laboratories, famous for creating the ChatGPT neural network. With the support of Microsoft, which invested more than 10 billion dollars in it, the company achieved a valuation of over 80 billion dollars and sets the tone in the development of generative AI models.

Palantir Technologies is an American company specializing in big data analysis software, co-founded by Peter Thiel. Its key platforms, Gotham and Foundry, are used by government agencies, including the CIA and the Department of Defense, as well as major corporations, providing it with an annual revenue exceeding 2 billion dollars.

The impetus for this rapid merger was the new state policy enshrined in the "AI Action Plan" presented by the Trump administration in July 2025. The document proclaims the goal of achieving "global dominance" in the sphere of AI through the forced implementation of technologies in the armed forces. Against the backdrop of this political support, technology companies rushed into a new "gold rush." OpenAI, quietly removing the ban on military use of AI from its rules, signed a contract with the

Pentagon worth 200 million dollars for the development of AI for combat operations[23]. Following this, similar agreements were received by Google, Anthropic, and Elon Musk's company xAI for 200 million dollars each. The inclusion of Musk's product, Grok for Government, in the government procurement system became particularly indicative. The company gained access to the so-called General Services Administration (GSA) Schedule – a registry of pre-approved goods and services. This state of affairs radically simplifies the process: now any federal agency can purchase the AI assistant Grok without conducting lengthy and complex tenders, which effectively opens the doors for Musk's company to all structures of the American government.

Despite such significant incentives, this new race represents a considerable economic risk. Technology startups, led by venture capital, are making an extremely risky bet. The essence is as follows: companies invest billions of dollars in the construction of giant factories and production lines right now. They do this without having firm, guaranteed contracts from the government in hand, basing their strategy only on the hope that such orders will appear in the future. This completely overturns the traditional business model, where a supply contract is concluded first, and only then are capacities built for this order. Now companies like Anduril Industries with its mega-factory Arsenal-1 for 1 billion dollars or shipbuilder Saronic Technologies with projects for 2.7 billion dollars are creating infrastructure in advance. Private investors have poured more than 70.1 billion dollars into defense startups, while the volume of contracts concluded with them by the Pentagon amounted to only about 4 billion dollars[24]. If the expected demand does not materialize, these expensive factories will turn into dead weight, and investments will be lost.

Note: Anduril Industries is a defense technology company founded by Palmer Luckey. It recently closed a funding round for 2.5 billion dollars and aims for a production capacity of 10,000 drones monthly, positioning itself as a faster and more flexible competitor to traditional military-industrial complex giants.

[23] The Trump Administration's 2025 AI Action Plan – Winning the Race. (2025, July 30). Sidley Austin LLP. Retrieved from https://www.sidley.com/en/insights/newsupdates/2025/07/the-trump-administrations-2025-ai-action-plan

[24] Defense Tech Innovation and the Role of Startups. (2025, December 16). J.P. Morgan. Retrieved from https://www.jpmorgan.com/insights/business-planning/defense-tech-innovation-and-the-role-of-startups

Saronic Technologies is a startup focused on building autonomous surface vessels. It raised 600 million dollars in investments and plans to double its staff to 700 employees by the end of the year, having confirmed federal contracts for only 33 million dollars.

This new balance of power has sharply exacerbated tensions, especially between the US and Europe. Dependence on American technological platforms is increasingly perceived by Europeans as a threat to sovereignty. A telling incident was the AI summit in Paris, which US Vice President J.D. Vance demonstratively left, telling European leaders that America "will not allow Europe to hold back our companies" and directly criticizing European regulatory acts[25]. The threat of a "digital embargo" ceases to be hypothetical. In European business circles, a scenario has become widely spread in which the White House could ban American IT giants from providing services to Denmark to force it to sell Greenland. There are already real precedents: in May 2025, Microsoft, by Trump's order, temporarily blocked the email of the prosecutor of the International Criminal Court[26]. Thus, technological platforms are turning into a powerful instrument of US foreign policy, capable of being used at any moment to pressure allies and opponents.

While Silicon Valley and Washington are building this new alliance, its forming foundation is characterized by deep systemic vulnerabilities and ethical contradictions. An audit by the US Government Accountability Office showed that Pentagon procurement systems are unable to track the country of origin of components, which means that components from China may be present in critical American weaponry. This risk is clearly illustrated by the scandal involving the discovery of a Chinese alloy in the main combat fighter F-35. Simultaneously, the scope of companies' activities is expanding, causing concern among human rights defenders. Palantir is actively used to create a unified data system on US citizens, combining information from the tax service, healthcare systems, and immigration agencies. Alex Karp, the founder of Palantir, states

[25] Vance rails against 'excessive' regulation at Paris AI summit. (2025, February 11). PBS NewsHour. Retrieved from https://www.pbs.org/newshour/politics/vance-rails-against-excessive-regulation-at-paris-ai-summit

[26] Trump's sanctions on ICC prosecutor have halted tribunal's work. (2025, May 15). Associated Press. Retrieved from https://apnews.com/article/icc-trump-sanctions-karim-khan-court-a4b4c02751ab84c09718b1b95cbd5db3

that his products are designed to "scare our enemies and, when necessary, kill them."[27] This merger of technological power, government contracts, and access to personal data forms a techno-oligarchy. This new elite possesses influence that begins to surpass the capabilities of many states. When Elon Musk, controlling the satellite network Starlink vital for Ukraine, writes on social networks "no matter what happens, we have rockets. They don't," this is no longer just rhetoric, but a demonstration of power. It blurs the boundaries between a private entrepreneur and a global strategic player, questioning the very future of democratic control in a world where technology and military power merge into a single, almost unregulated whole.

[27] The Gleeful Profiteers of Trump's Police State. (2025, February 5). Mother Jones. Retrieved from https://www.motherjones.com/politics/2025/02/palantir-alex-karp-trump-private-prisons-profiteers/

TWO MODELS, ONE WORLD: INSTITUTIONAL CONFRONTATION BETWEEN THE USA AND CHINA IN THE SPHERE OF AI

The rapid development of artificial intelligence (AI), a striking manifestation of which was the doctrinal documents presented by the USA and the PRC in July 2025, cemented the transition of global technological rivalry into a new phase. It is no longer just a race to create more advanced models, but a clash of two fundamentally different conceptual approaches to the management, development, and dissemination of the key technology of the 21st century. As noted in a report by the RAND Corporation, the current situation differs radically from the nuclear era: Washington no longer has an indisputable monopoly, and China acts as a virtually equal technological competitor. AI itself, being a general-purpose technology, penetrates all spheres of life, leaving politicians less freedom of action and time for adaptation. Under these conditions, "America's AI Action Plan" and China's "Global AI Governance Initiative" represent not so much technical roadmaps as manifestos of two alternative visions of the future.

The United States' approach is hegemonic in nature and aims to achieve, as a quote from Donald Trump in the preamble to the "Action Plan" states, "absolute technological superiority in the world." This strategy, which has already been described as a new "Manhattan Project" leading to an era of algorithmic confrontation, is built on three pillars.

First, it is the maximum acceleration of domestic innovation through deregulation, reduction of state control, elimination of bureaucratic red tape, and verification of state-procured systems for the absence of ideological bias. The federal government will request information from companies and the public about existing rules hindering AI implementation with the aim of repealing them. The White House Office of Management and Budget will also cooperate with federal agencies overseeing AI-related funding to consider limiting such grants if state AI regulatory regimes may hinder the effectiveness of this funding. "We also need one federal standard, not 50 different states regulating this industry of the future. We need one federal standard based on common sense and superseding all states," Trump said[28]. The recommendations also contain a call for the federal government to conclude contracts only with those developers whose AI models are considered "free from top-down ideological bias," to exclude references to disinformation, diversity and equity language, as well as climate change from risk management structures.

Second, it is a forced build-up of infrastructure, which includes massive investments in energy (for example, 92 billion dollars of private investment to expand energy supplies for data centers in Pennsylvania). As experts note, adequate power supply is inextricably linked to national security and is necessary for the US to stay ahead of global competitors in the AI race. The "AI Action Plan" also proposes prioritizing the interoperability of reliable energy sources, which could lead to the deployment of nuclear and advanced geothermal power plants to manage the surge in demand. In this regard, a review of the permitting process and optimization of environmental standards to accelerate infrastructure projects related to AI is envisaged, as well as withholding funding from states that establish burdensome rules for this new technology. "We are unleashing all forms of energy, including natural gas, oil, and coal," Trump said at the signing of the documents[29]. "We will repeat our campaign slogans: 'Drill, baby, drill' and 'Build, baby, build'."

Third, it is the building of a global technological alliance by actively exporting a full suite of American AI technologies – from chips to standards – to allied countries and simultaneously containing China through thoughtful export restrictions designed, on the one hand, to slow down the PRC's progress, and on the other, to keep it within the American technological environment. In this regard, the plan implies strengthening export controls, including by introducing new geolocation features in advanced AI chips. The White House administration also intends to create a new mechanism within the Department of Commerce for cooperation with the intelligence community to monitor AI development and enforce chip export controls.

[28] Transcript: Donald Trump's Address at 'Winning the AI Race' Event. (2025, July 23). Tech Policy Press. Retrieved from https://techpolicy.press/transcript-donald-trumps-address-at-winning-the-ai-race-event
[29] Ending Market Distorting Subsidies for Unreliable, Foreign-Controlled Energy Sources. (2025, July 7). The White House. Retrieved from https://www.whitehouse.gov/presidential-actions/2025/07/ending-market-distorting-subsidies-for-unreliable-foreign%E2%80%91controlled-energy-sources/

To implement the "AI Action Plan," President Trump signed three accompanying executive orders detailing its provisions: "On Promoting the Comprehensive Export of American AI Technologies," "On Simplifying Federal Licensing of Data Center Infrastructure," and "On Preventing the Implementation of Ideologically Biased AI in Federal Agencies."

Overall, the "Action Plan" and accompanying decrees represent a critical political directive of the Trump administration regarding technologies that promise to transform the world economy, aimed at making American technologies the basis for AI development worldwide, simultaneously with taking measures to contain competitors. "Winning this competition will be a test of our capabilities unlike anything since the dawn of the space age," Trump said. "It will require us to mobilize all our strength and show American ingenuity and determination, like probably never before."

The Chinese strategy, presented at the World AI Conference in Shanghai, offers a fundamentally different model. As RAND Corporation analysts note, Beijing is not so much participating in an abstract AI race in general, but is focused on the pragmatic implementation of technologies in the real sector of the economy with an emphasis on areas such as robotics and industrial automation. In response to American pressure and export restrictions that created an acute shortage of computing power, China is betting on achieving self-reliance and autonomous control, forcing the development of domestic analogues (for example, Ascend chips from Huawei) and relying on a network of state research centers, such as the Shanghai AI Laboratory.

On the international stage, Beijing promotes the concept of "joint construction and joint governance," enshrined in its "Global AI Governance Initiative."[30] This concept focuses on multilateralism under the auspices of the UN, inclusivity with special attention to the countries of the Global South, energy sustainability, and the development of unified international standards with the participation of organizations such as the International Telecommunication Union and the International Electrotechnical Commission. An institutional expression of this approach was the proposal to create an International AI Cooperation Organization headquartered in Shanghai.

[30] Global AI Governance Action Plan. (2025, July 29). Ministry of Foreign Affairs of the People's Republic of China. Retrieved from https://www.fmprc.gov.cn/eng/xw/zyxw/202507/t20250729_11679232.html

A comparison of the two concepts shows that the detailing of the American plan demonstrates its comprehensive and offensive nature. On the domestic track, retraining and advanced training programs are promoted under the auspices of the Department of Labor. Simultaneously, attention is paid to specific risks: the plan provides for measures to counter the use of computer injections in the legal system and investments in biosecurity to prevent the creation of harmful pathogens using AI. All this forms an image of a strategy aimed at total dominance, where internal socio-economic and regulatory measures are inextricably linked with global geopolitical ambitions.

The Chinese approach, in turn, is also backed by concrete initiatives, clearly demonstrated at the World AI Conference in Shanghai. The event, which gathered over 1,500 experts and 800 companies, became a platform for concluding 31 major projects totaling more than 45 billion yuan[31]. It was there that Shanghai support measures were announced within the framework of the "AI+" concept and an industry venture fund for 3 billion yuan was launched for investments in models and computing power. On the infrastructure front, new supporting elements were presented in the form of the Institute of New Industrialization from China Mobile and a partnership between China Telecom and the Shanghai authorities. Internationally, Beijing's proposals to the countries of the Global South are extremely concrete: assistance in building data centers and new generation networks, creating joint laboratories and platforms for mutual recognition of tests to ensure equal access to technologies. These are not just declarations, but a comprehensive program to form an alternative technological center of gravity, backed by significant financial and organizational resources.

A direct comparison of the two strategies reveals the key battlefield – access to advanced technologies and the architecture of global governance. The US uses export control as a strategic instrument of containment but does so flexibly: by allowing the supply of low-performance chips (for example, H20) with hardware tracking to China, they strive not to allow complete technological isolation of Beijing and maintain its dependence on the American ecosystem. China's answer is a forced policy of import substitution and self-sufficiency. This course involves costs – for example, the iFlytek company reported a three-month delay in development after switching from Nvidia

[31] China's AI Solutions for Better World. (2025, August 4). Science and Technology Daily. Retrieved from https://www.stdaily.com/web/English/2025-08/04/content_379934.html

chips to domestic analogues – however, it is considered uncontested under conditions of geopolitical pressure. In the sphere of governance, Washington bets on deregulation domestically and promoting its standards through a network of allies, while Beijing appeals to international organizations and promotes the idea of joint development of global rules. This fundamental divergence in approaches turns the AI race from a purely technological competition into a struggle for the right to define the rules of the game for decades to come.

Despite the polarity of approaches, both strategies have points of contact: awareness of the need for widespread AI implementation, emphasis on infrastructure development, creation of risk assessment systems, and promotion of open-source development. However, it is the differences that determine the vector of global confrontation. The US seeks to build a system of "chips – cloud technologies – standards" under its control, using its current advantage to form a closed technological bloc. China, in turn, is trying to destroy this potential monopoly, offering the world an alternative, more open, and inclusive model of cooperation. Thus, the global race in the sphere of artificial intelligence has turned into a struggle for the right to define the architecture of governance of breakthrough technology. The outcome of this rivalry will determine whether the future of AI will be formed within the framework of unipolar hegemony or on the principles of multilateral dialogue, which, ultimately, will determine the contours of the world order.

NEW LEGISLATION AND INTEGRATION OF CRYPTOCURRENCIES INTO THE AMERICAN ECONOMY

A significant turnaround has occurred in the United States financial policy, linked to President Donald Trump signing a package of laws in the cryptocurrency sphere, the central element of which was the "GENIUS" Act (Guidance and ENforcement of Innovation for United States Stablecoins). This act creates a clear federal regulatory framework for stablecoins – cryptocurrencies whose exchange rate is rigidly pegged to stable real assets – for the first time in US history. The Trump Administration positions this legislation as a historic act that will allow the United States to lead the global revolution in digital currencies.

Until this moment, stablecoins, despite a decade of existence and a capitalization reaching nearly 244 billion dollars, performed a narrowly specialized function as a conduit between traditional finance and the volatile world of crypto assets[32]. Now, having received legal status as a means of payment, this cryptocurrency is ready to challenge traditional payment systems. As noted by Jim Mignano from the RAND Corporation, "this law effectively legitimizes a long-awaited but politically complex phenomenon, the so-called corporate cryptocurrency."

The key innovation of the "GENIUS" Act is the requirement for 100 percent backing of tokens – digital records in a distributed ledger (blockchain) certifying the right to a specific asset or service. Following the adoption of this law, stablecoin tokens must be fully covered by highly liquid and safe assets, specifically dollars and short-term US Treasury bonds.

This provision, along with the obligation for stablecoin issuers to publish monthly data on their reserves, is intended to eliminate the main fears of regulators. However, the geopolitical and macroeconomic subtext of this step is no less important. The adoption of the law takes place against the backdrop of serious challenges for the American economy: a national debt reaching 37 trillion dollars and a growing budget deficit. In this context, the legalization of stablecoins is viewed as a tool to mitigate the

[32] Stablecoins' market cap surges to record high as US Senate passes bill. (2025, June 18). Reuters. Retrieved from https://www.reuters.com/business/finance/stablecoins-market-cap-surges-record-high-us-senate-passes-bill-2025-06-18/

debt crisis, since mandatory reserving in government bonds should exponentially increase demand for them.

Despite the optimism of supporters, including Donald Trump himself, who thus thanked the crypto community for donations to his election campaign, such rapid integration of crypto assets generates serious concerns. Critics, among whom is Senator Elizabeth Warren, warn of risks to financial stability, as the law blurs the traditional division between banking and commerce.

Since the production of cryptocurrencies is decentralized, their legalization creates the ground for the emergence of a new class of issuers: in addition to individuals, they can be emitted by large multinational corporations. Companies like Meta (Facebook), which previously shut down its Libra cryptocurrency project under pressure from regulators, are now cautiously returning to this sphere. Similarly, the launch of the "JPMD" token from JP Morgan represents a thoughtful step to unite traditional banking infrastructure with stablecoin innovations. This marks the birth of a paradoxical phenomenon: technology created to undermine the foundations of traditional finance now receives a powerful impulse for development from precisely those institutions it was intended to bypass.

The failure of the Libra project was linked to a lack of institutional trust. The "GENIUS" Act, in turn, provides exactly the legal basis that can clear the path for similar projects in the future. Nevertheless, as experts emphasize, mere compliance with the law is not enough to achieve a socially useful result. Corporate cryptocurrencies can simplify payments, but this potential will only be realized if the systems being created are transparent, inclusive, and capable of interacting with each other. Otherwise, there is a risk that these innovations will only strengthen market concentration in the hands of a few technology giants.

The Trump Administration's approach contrasts noticeably with the regulatory strategies of other world centers. While the European Union has implemented the comprehensive and unified "MiCA" regulation for the crypto-asset market, and Russia is cautiously testing cross-border settlements through experimental legal regimes, the US is betting on liberalization under the leadership of the private sector. Notably, American legislation explicitly prohibits the Federal Reserve System from issuing its own digital currency, cementing the private nature of digital money, whereas BRICS countries are actively developing state analogues.

Parallel to the legalization of stablecoins, the tokenization of real assets is gaining momentum, the market for which has already reached 25 billion dollars. Giants such as the investment company BlackRock are actively issuing tokenized funds. However, legal collisions arise here as well, as evidenced by the reminder from Securities and Exchange Commission Commissioner Hester Peirce that "tokenized securities remain securities," which means they must comply with all disclosure requirements.

Despite the adoption of the framework law, a huge field remains for further work by regulators. At the federal level, norms for consumer protection and data management between various agencies must be harmonized. At the state level, policy remains fragmented: there are significant discrepancies between jurisdictions welcoming crypto experiments, like Wyoming, and those adhering to a cautious licensing regime, like New York. At the international level, there is the task of managing systemic risks and countering illegal financial operations.

In the broader context of the new American crypto policy, another ambitious initiative should be considered – the potential use of Bitcoin as a government reserve asset. This idea, formalized in the draft Bitcoin Act of 2024, proposes that the US Federal Reserve System be obliged to purchase up to 200,000 bitcoins per year[33]. According to the authors' plan, such a step not only officially recognizes Bitcoin as a significant financial instrument on par with gold but will also serve the goals of strengthening the American monetary system.

Note: Bitcoin is the first and most famous cryptocurrency, which exists only in electronic form. It is not controlled by the state or banks but operates based on a decentralized network of computers.

Along with these legislative shifts, the Trump Administration is also using executive power to accelerate the integration of cryptocurrencies, this time at the level of mass retail investors. An executive order signed by the President opens access for more than 90 million Americans participating in pension plans to alternative assets, including private equity, real estate, and, crucially, digital assets.

[33] BITCOIN Act of 2024 (S.4912 - 118th Congress). Senator Cynthia Lummis (R-WY), July 31, 2024. Retrieved from https://www.congress.gov/bill/118th-congress/senate-bill/4912/text

This step is viewed by the White House as a way to democratize investment and potentially increase the yield of workers' pension savings by providing them with the same opportunities that were previously available only to wealthy investors. This decision is a direct continuation of Trump's campaign promise to make the US the crypto capital of the world and represents another step towards legitimizing cryptocurrencies as a full-fledged investment class.

At the same time, the process of legalizing cryptocurrencies reveals a deep ideological contradiction between the letter of the new law and the very "spirit of cryptocurrencies." Initially, cryptocurrencies were conceived as a decentralized and anonymous alternative to the state financial system. The adoption of strict rules, albeit necessary to restore investor confidence, is essentially a compromise that transforms the crypto market and threatens its fundamental principles. Here, the concept of the "digital footprint" plays a key role. Unlike cash, every transaction with stablecoins is permanently recorded in a public distributed ledger. This mechanism creates an indelible history of all operations that can potentially be analyzed, creating a risk of total financial transparency that contradicts the original principles of privacy.

Finally, regulatory work in the US is not limited to stablecoins alone, and the next step should be the elimination of legal uncertainty in the industry. The key problem lies in the lack of clear criteria by which a digital asset should be classified either as a security supervised by the Securities and Exchange Commission or as a commodity under the jurisdiction of the Commodity Futures Trading Commission. This duality creates constant conflicts. It is this task that another new law on the transparency of the digital asset market – "CLARITY" – is designed to solve, which should establish clear rules of the game by delineating the powers of regulators.

Simultaneously, a more nuanced approach to decentralized finance (DeFi) is being formed. This strategy involves distinguishing between financial intermediaries, such as centralized exchanges, which will be subject to strict supervision, and decentralized protocols themselves. The latter, being essentially just software code rather than legal entities, may fall under different regulation focused not on financial licensing but on security audits and technical transparency standards.

Overall, the American approach aims to stimulate technological innovation at the foundation of the industry without weakening investor protection on those platforms that serve as their main entry points into the world of digital assets.

ON THE RESULTS OF DONALD TRUMP'S ASIAN TOUR

From October 26 to 31, 2025, US President Donald Trump undertook an Asian tour, during which he held bilateral talks with the leaders of Malaysia, Thailand, Cambodia, Japan, and the Republic of Korea, and also met with PRC President Xi Jinping on the sidelines of the APEC forum in Busan.

The central event of the visit was the 47th ASEAN Summit, held on October 26–28 in Kuala Lumpur, where Trump acted as a key guest and confirmed Washington's desire to regain leading positions in Southeast Asia. The purpose of the trip was to strengthen the economic and political influence of the US in the region, reduce the dependence of ASEAN countries on China, and promote the American strategy of a "Free and Open Indo-Pacific."

The visit took place against the backdrop of complex dynamics in Sino-American relations, where, according to recent studies, public opinion in the PRC demonstrated not so much ideological hostility as a pragmatic reaction to political signals from Washington and growing confidence in the national economy's ability to withstand external pressure. The summit became a platform for relaunching the "US-ASEAN" format in the economy, critical resources, and digital transformation.

On the first day of negotiations, a package of framework agreements totaling about 35 billion dollars was agreed upon. The US and Malaysia signed a comprehensive agreement on trade and mineral partnership, providing for the expansion of supplies of nickel, cobalt, lithium, and tin, joint investments in processing, and the creation of local value-added nodes[34]. A separate block prescribed the coordination of ESG (environmental, social, and governance) standards and requirements for raw material traceability. This will allow American companies to "unlock" vulnerable sections of supply chains and insure against the risks of export controls by third countries. At the regulatory level, roadmaps for digital trade were agreed upon, opening access for

[34] Joint Statement on United States–Malaysia Agreement on Reciprocal Trade. (2025, October 25). The White House. Retrieved from https://www.whitehouse.gov/briefings-statements/2025/10/joint-statement-on-united-states-malaysia-agreement-on-reciprocal-trade/

American cloud service providers to regional markets subject to compliance with local data localization requirements.

In bilateral negotiations, US support for the infrastructure contour of the Indo-Pacific interaction network was confirmed: modernization of ports, logistics hubs, and power grids along key trade corridors. In Bangkok, guidelines for the Laem Chabang and Map Ta Phut ports were agreed upon, and in Phnom Penh – for strengthening river logistics (Mekong) and the construction of distribution substations.

The culmination of the day was the signing of the Kuala Lumpur Peace Agreement between Thailand and Cambodia in the presence of the American delegation. The document fixes the cessation of border incidents, mechanisms for joint patrolling and data exchange, as well as economic incentives for border provinces. For the US, this is a symbolic but significant result: Washington regains the role of external arbiter and guarantor of stability, simultaneously reducing the space for third-party involvement in disputes within Southeast Asia. For President Trump, this became an important element in forming the image of a peacemaker, which he actively emphasized during the tour, calling the agreement more significant than a "round of golf" and placing it on a par with other conflicts settled through his mediation.

Japan (October 28, Tokyo). Trump's negotiations with Prime Minister Sanae Takaichi at the Akasaka Palace lasted about two hours and ended with the signing of two strategic documents. Among them are a framework agreement on cooperation in the field of rare earth and critical minerals and a memorandum on joint projects in nuclear energy and small modular reactors (SMRs)[35]. The package is focused on strengthening supply chains worth over 50 billion dollars and provides for up to 10 billion dollars of joint investments in exploration, processing, and recycling, as well as the creation in Nagoya of a Japanese-American research center for clean extraction and materials for magnets and batteries.

In the political-strategic part, Washington urged Tokyo to accelerate the move towards raising defense spending to 2.5 percent of GDP, deepen cooperation on the Yokosuka and Sasebo bases, and expand purchases of US missile defense systems and

[35] United States-Japan Framework for Securing the Supply of Critical Minerals and Rare Earths through Mining and Processing. (2025, October 28). The White House. Retrieved from https://www.whitehouse.gov/briefings-statements/2025/10/united-states-japan-framework-for-securing-the-supply-of-critical-minerals-and-rare-earths-through-mining-and-processing/

aviation. However, Tokyo outlined energy "red lines," refusing an immediate curtailment of Russian LNG imports amounting to 10 percent of its energy balance.

The economic block was complemented by the readiness of Japanese companies to increase investments in the US to 40 billion dollars in the next three years (batteries, auto industry, power electronics) with a reciprocal easing of tariffs on some auto components and priority in infrastructure tenders. In connection with this, Trump conditioned further potential tariff easing and regulatory relief on concrete commitments to increase Japanese direct investment and deep localization of production in the US: securing "anchor" projects (battery gigafactories, data centers and AI clusters, expansion of the auto component base) and increased requirements for the share of American content in supply chains. Washington's message was straightforward: market access and preferences will be proportional to the volume and speed of Japanese investments and job creation on US territory.

The political context strengthened the symbolic effect: S. Takaichi, who took office on October 21 and became Japan's first female prime minister, represents the right wing of the LDP and previously oversaw economic security – for both sides, this is a window of opportunity. For the Trump Administration, Takaichi's appointment was a convenient moment to emphasize the renewal of US-Japan relations: the US President publicly called her "one of the great prime ministers" and promised the advent of a "golden age" in relations between the two countries.

Personal diplomacy was also facilitated by a symbolic gesture: Prime Minister S. Takaichi, considered a protégé of the late Shinzo Abe, gave Trump his golf club, which strengthened their contact and allowed the US President to call her a "close friend" at their very first meeting. This statement was not accidental – Trump seeks to enlist the support of allies in the face of China's growing pressure on the region, as well as to show the domestic audience in the US the success of his foreign economic policy.

Republic of Korea (October 30, Gyeongju / Busan). Negotiations between Trump and President Lee Jae-myung took place on the sidelines of APEC. The Korean side held a ceremony awarding the American leader the highest Order of Mugunghwa, which emphasized the special, friendly nature of the meeting.

Following the discussions, the structure of the investment package was confirmed: 200 billion dollars in direct investments in tranches and up to 150 billion dollars for shipbuilding and offshore projects (including the LNG fleet, service vessels for offshore wind energy, and modernization of shipyards). According to Trump, Seoul also agreed to large-scale long-term purchases of American oil and gas, and South Korean companies collectively plan to invest over 600 billion dollars in projects in the US in the medium term, which additionally "ties" the production and technological chains of the two countries.

In the defense sphere, cooperation on missile defense, joint R&D for naval platforms, and possible regulatory support for the nuclear fuel cycle for Seoul's naval needs were discussed. A political formula of support was voiced separately – Trump's statement that he gave South Korea permission to build a nuclear submarine. This wording sets the tone for further consultations and demonstrates Washington's readiness to discuss expanding the naval capabilities of the ally, but in itself does not replace national procedures, bilateral approvals, and international legal restrictions.

Notably, this statement was made by Trump on his account on the Truth Social social network, where he also specified that the submarines would be built in the US at a shipyard in Philadelphia, which directly links defense cooperation with his domestic political agenda to revive American industry. Against the backdrop of renewed DPRK tests, emphasis is placed on the alliance's readiness for flexible deterrence and increasing joint situational awareness in maritime areas[36].

Meeting with Xi Jinping (October 31, Busan). Negotiations between Trump and Xi Jinping during the APEC Leaders' Week held in Gyeongju ended with the establishment of a "pause" in the trade and technological sphere for a year. The US is taking a course towards targeted reduction of some tariff rates and a regulatory window for critical import items (pharmaceuticals, chemical precursors) without weakening regimes on advanced AI chips.

China resumes purchases of certain categories of American agricultural products and confirms a stable export regime for strategic materials (including rare earths) without additional restrictions; simultaneously, limited import of previous-generation semiconductors for civilian applications is allowed, which reduces tension in general-

[36] Trump says South Korea will build a nuclear sub in the U.S. (2025, October 29). NPR. Retrieved from https://www.npr.org/2025/10/29/nx-s1-5590230/trump-nuclear-submarine-south-korea

purpose electronics but does not change the balance in the high-tech artificial intelligence segment.

In tone, the meeting was generally stable and pragmatic: the parties agreed to maintain regular contacts and expand interaction in the economy, trade, and energy. Trump publicly called the negotiations "tremendous" and announced his visit to Beijing in April of next year.

The specific parameters of the "pause" included several key agreements. Washington agreed to suspend for a year the rule by which US sanctions automatically extended to subsidiaries of Chinese firms if the ownership share in them was 50 percent or more. In addition, prohibitive port fees against Chinese vessels were frozen for the same period.

In response, Beijing pledged to resume purchases of American soybeans (12 million tons in the current year and at least 25 million tons annually until 2028) and suspend for a year the introduction of its own restrictions on the export of rare earth metals[37]. This concession was made in exchange for a similar step by the US, which agreed to postpone the planned expansion of its export blacklist, which, according to a number of experts, demonstrated the strengthening of Beijing's negotiating positions.

An agreement was also reached on the transfer of TikTok's US operations under the control of an American company. The US, in turn, halved (from 20 percent to 10 percent) tariffs introduced in connection with the supply of fentanyl precursors (chemical substances for the illegal production of synthetic opioids, which became the main cause of the overdose epidemic in the US), which, according to economists' calculations, will reduce the average tariff rate on Chinese goods to 31 percent.

However, despite the general de-escalation, tension remained in the sphere of advanced semiconductors. Beijing, according to reports, instructed its technology giants to stop purchasing the latest chips from American companies, including Nvidia, which indicates a strategic course towards technological independence. At the same time, President Trump separately clarified that the agreements did not concern the most advanced American chips of the Blackwell line, which, according to US Trade

[37] Fact Sheet: President Donald J. Trump Strikes Deal on Economic and Trade Relations with China. (2025, November 4). The White House. Retrieved from https://www.whitehouse.gov/fact-sheets/2025/11/fact-sheet-president-donald-j-trump-strikes-deal-on-economic-and-trade-relations-with-china/

Representative Jamieson Greer, are the "crown jewel" and were not a subject of bargaining.

Indicative was the complete absence of the Taiwan issue in official reports on the leaders' meeting, which analysts regarded as a tactical decision by Trump not to pedal this topic in favor of economic agreements and, accordingly, as a strategic plus for Beijing. Nevertheless, the very next day this topic was raised at a meeting of the defense ministers of the two countries in Kuala Lumpur, where the Chinese side sternly warned the US of the need to be careful in words and actions on the Taiwan issue, demonstrating that basic contradictions in the security sphere remain unresolved.

Conclusions. With all the dynamics achieved, significant limitations remain: firstly, political inertia and parliamentary procedures in partner countries, since individual elements of the packages require ratification and budgetary consolidation; secondly, corporate caution – Japanese and Korean corporations compare potential benefits with the risk of retaliatory measures by the PRC and possible losses in the largest Asian market; thirdly, energy compromises – Tokyo's refusal to immediately curtail Russian LNG supplies demonstrates the limits of external pressure determined by national energy security; fourthly, technical and regulatory delays – launching rare earth processing and localization of high-tech nodes will require time, certifications, and personnel training.

Many analysts agree that the truce achieved represents a tactical pause rather than a long-term settlement, and characterize it as "fragile" and temporary, since fundamental contradictions in the technological and geopolitical spheres persist. Collectively, Trump's tour recorded a pivot of American policy in Asia towards a pragmatic link of "investment + technology + defense guarantees": for Southeast Asia, Japan, and the Republic of Korea, this is a proposal for diversification without mandatory confrontation – participation in alternative chains, access to American capital and technologies while maintaining autonomy in sensitive issues (energy balance, relations with the PRC). The success of the strategy will depend on the US ability to turn the package of intentions into long-term programs with measurable results, without dragging the region into a new phase of geopolitical tension and without creating unsustainable costs for partners.

ON THE ROLE OF THE USA IN THE ISRAELI-IRANIAN CONFLICT

The full-scale military operation by Israel against Iran, which began on June 13, 2025, and was named "Rising Lion" ("Nation of Lions"), represents not just another round of escalation, but a qualitatively new stage of confrontation that radically changes the strategic layout of the Middle East. In this complex mosaic, the position of the United States remains the key variable, though its role is far from unambiguous.

At first glance, the Donald Trump Administration seeks to distance itself from direct participation. High-ranking officials, from Secretary of State Marco Rubio to House Speaker Mike Johnson, emphasize that the US is not participating in combat operations and that the strike is a "unilateral" decision by Israel. Washington's main public message boils down to protecting American personnel in the region and an unequivocal warning to Tehran against retaliatory actions targeting United States interests. President Trump himself, calling the Israeli operation "excellent," continues to appeal to Iran with calls to return to the negotiating table[38].

Nevertheless, the notion of the US role as merely an "interested observer" proves to be superficial. The very timing of the operation's commencement—a few days after the expiration of the 60-day ultimatum issued by Trump to Iran on April 8, and on the eve of a planned round of negotiations in Oman—is difficult to consider a coincidence, which is confirmed by the President's own rhetorical remark about the arrival of the "61st day." In essence, the United States, without physically pulling the trigger, acted as the driving force.

Years of financial and military support, arms supplies, and the provision of precise intelligence, which allowed for the simultaneous elimination of practically the entire senior military command of Iran and leading nuclear scientists, created the necessary conditions for conducting such an aggressive campaign. This operation also became possible because Iran, having yielded to persuasion not to launch a powerful

[38] How US politicians responded to Israel's attacks on Iran. (2025, June 13). Al Jazeera. Retrieved from https://www.aljazeera.com/news/2025/6/13/how-us-politicians-responded-to-israels-attacks-on-iran

retaliatory strike after the assassination of Hamas Politburo chief Ismail Haniyeh in August 2024, lost the strategic initiative and deterrence potential, allowing Israel to sequentially weaken or eliminate its key allies, including the Lebanese Hezbollah and the Syrian regime of Bashar al-Assad. Thus, the US is implementing a strategy where Washington personifies a potential "peace" in the form of a deal, while Israel becomes the "sword" designed to force Tehran into this peace on American terms.

Such an ambiguous position by Washington is conditioned by three fundamental reasons having both immediate and long-term character. First is the failure of attempts to conclude a new nuclear deal; the Trump Administration could not offer Tehran favorable conditions nor, more importantly, guarantees of adherence to a future agreement, which made negotiations practically futile. Second is the special nature of US-Israel relations rooted in the American political system, relying not only on a powerful pro-Israel lobby but also on the cultural-religious identity of a significant part of the American establishment, for whom the defense of Israel is an unconditional imperative. Third, historical inertia and the frustration from the "loss" of Iran after the 1979 revolution, which over decades transformed into a stable anti-Iranian consensus and a desire for its international isolation, play a role.

These three factors create a solid foundation for supporting Israel's actions, even if they carry colossal risks, expressed in already existing casualties: according to human rights activists, as of June 19, 639 people have died in Iran, while 24 have died in Israel.

However, it is in these risks that the main contradiction lies, exposing the divergence of the ultimate goals of Washington and Tel Aviv. For Donald Trump, true to his image as a "master of the deal," the Israeli operation is primarily a tool of pressure. His minimum program is a weakened but not destroyed Iran, ready to return to the negotiating table and sign an agreement on American terms. He does not need total chaos in the region and direct US involvement in a new major war, which would be a collapse of his "America First" campaign doctrine. At the same time, for Benjamin Netanyahu, driven by both existential security considerations and domestic political calculations to strengthen his own power, the ultimate goal is, if not regime change in Tehran, then the complete and irreversible destruction of its nuclear and military potential.

This difference in approaches is most clearly manifested in the fate of the underground nuclear facility in Fordow, deeply buried in rock and unreachable for Israeli munitions. Washington's refusal or consent will be the defining moment since only the US possesses munitions capable of penetrating up to 60 meters and destroying the facility in Fordow, whereas Israeli bombs are limited to a depth of up to 6 meters.

The White House has turned into an arena of fierce struggle: hawks represented by Vice President J.D. Vance, Senators Lindsey Graham and Ted Cruz, as well as influential media figures like journalist Mark Levin, urge the President to approve the strike. On the other hand, the isolationist wing, including Director of National Intelligence Tulsi Gabbard, Senator Rand Paul, and "MAGA" movement ideologue Tucker Carlson, categorically opposes intervention. The situation is complicated by the fact that Israel, according to reports from June 19, informed the US of its readiness to conduct its own ground special operation to destroy Fordow. Against the backdrop of these events, according to the *Wall Street Journal*, Trump has already approved plans to join the attack and is awaiting Tehran's response to the ultimatum, while European allies represented by France and the UK are trying to persuade him not to do so[39].

The confrontation has gone beyond media figures and encompassed Congress, where representatives of the isolationist wing, in particular Marjorie Taylor Greene and Thomas Massie, accuse the White House of betraying the "America First" doctrine, threatening to invoke the War Powers Resolution. Against this background, a sociological war has unfolded: polls using neutral wording show that 60% of Americans are against intervention, while studies with manipulatively presented context demonstrate broad support for strikes on Iran among Trump voters[40]. This flexibility allows the White House to appeal to data that aligns more with its current goals and to balance on the edge, supporting Israel but retaining the ability to stop escalation at any moment.

Note: The War Powers Resolution is a US federal law of 1973 designed to limit the President's power to commit the country to an armed conflict without the consent

[39] Trump Privately Approved Attack Plans for Iran but Has Withheld Final Order. (2025, June 19). The Wall Street Journal. Retrieved from https://www.wsj.com/politics/national-security/trump-privately-approved-attack-plans-for-iran-but-has-withheld-final-order-4563c1a0
[40] Majority of Americans Opposed Recent U.S. Military Action Against Iran. (2025, June 23). Statista (CNN/SSRS Poll, June 22-23). Retrieved from https://www.statista.com/chart/35570/poll-opinion-of-americans-about-trump-strikes-on-iran/

of Congress, requiring the head of state to notify legislators of troop deployment within 48 hours and withdraw them after 60 days if Congress has not authorized it or declared war.

Thus, Operation "Rising Lion" marks a turning point in Middle Eastern geopolitics. It demonstrates not only the transformation of the nature of the Israeli-Iranian confrontation but also a fundamental change in the US role—from a direct participant to a strategic balancer. Washington has found itself in a situation where its actual influence exceeds its declared distance. Betting on coercing Iran into negotiations without open intervention, on the one hand, opens space for flexible diplomacy, but on the other, threatens a loss of control over the dynamics of the conflict. The divergence of goals between the US and Israel, the blurring of "red lines," and the risk of strategic errors make the future extremely uncertain. Not only the fate of the Iranian nuclear program but also the face of the entire Middle East in the coming decade will depend on which scenario is realized.

US STAKES ON THE ZANGEZUR CORRIDOR

The Zangezur Corridor is one of the key elements of the "Middle Corridor" project, which envisions the creation of a transport highway connecting China with Europe. The project provides for the construction of a road and railway line that will pass through southern Armenia, connecting Baku with the territory of Turkey. Ideally, this highway should complement the existing Baku-Tbilisi-Kars route, providing Azerbaijan with direct access to Turkey and creating an important transport corridor for Central Asian countries, such as Kazakhstan, Uzbekistan, and Kyrgyzstan, with direct access to European markets.

Since the end of the Karabakh conflict, the fate of the Zangezur Corridor has become a stumbling block in relations between Azerbaijan and Armenia. Azerbaijan perceives the corridor as a strategically important element that can ensure "continuous access" to its exclave of Nakhchivan, as well as strengthen its transport and economic positions. For Armenia, however, this is a question not only of transport infrastructure but also of territorial sovereignty, since Syunik (the region through which the corridor is to pass) is vital for the country — it is Armenia's only land link with Iran and a barrier preventing direct communication between Azerbaijan and Turkey.

The US has proposed a solution in the form of a 100-year lease of the corridor. It is assumed that an American company will act as a neutral guarantor, which should guarantee Azerbaijan stable transit and preserve Armenia's sovereignty. This proposal strengthens the US position in the region, weakening the influence of Russia and Iran, and also opens up new energy routes for Europe. However, the project faces challenges, especially due to opposition within Armenia and potential environmental risks.

Geopolitical and Economic Significance of the Corridor. For Azerbaijan, the corridor is a crucial part of its strategy in the South Caucasus. The agreement signed in November 2020 with the mediation of Russia provided for the unblocking of all transport routes in the region. This meant that Armenia undertook to ensure Azerbaijan's access to Nakhchivan and Turkey through the southern part of Armenia, including the territory of Syunik. Baku demands the provision of a "continuous corridor" that will ensure constant transit, regardless of changes in the political situation. Azerbaijan insists that the corridor must be an exclusive route for Azerbaijan and cannot be closed or limited by the control of the Armenian side.

For Armenia, however, the proposed corridor represents a threat of losing control over an important strategic region, which is the only land bridge with Iran. Armenia fears that the creation of an extraterritorial corridor could create a precedent for further weakening of sovereignty. This is connected not only with political and economic pressure but also with historical memory, when great powers repeatedly betrayed the interests of the Armenian people.

Environmental risks also represent a serious challenge for the implementation of the project. The construction of a transport highway through the southern part of Armenia may lead to the destruction of natural ecosystems, including rare species of flora and fauna, as well as cause serious pollution of water resources. An increase in transit flows of goods may contribute to air pollution and increased noise levels, which will affect the health of local residents and animals. In addition, deforestation and landscape changes associated with the laying of roads and railway tracks may cause soil erosion and changes in hydrological processes in the region.

US Position. Washington proposes a compromise solution in the form of leasing the Zangezur Corridor for 100 years through a private company that will take over the management of the route but will not represent the interests of the US as a state[41]. This proposal assumes that the corridor will remain Armenian territory, but its operation will be carried out by a third-party organization, which should guarantee Azerbaijan unimpeded access. A similar proposal is based on examples from world practice, such as the Panama Canal, which was under US control for a long time, ensuring security and global trade.

The project assumes that a private logistics company will not only control transport flows but also ensure transparency of transit for both sides — both for Azerbaijan and for Armenia. This proposal is aimed at overcoming one of the main obstacles — the insufficient degree of trust between Azerbaijan and Armenia. With the

[41] America's High-Stakes Bet on Zangezur: How a US-Led Corridor Could Slash Europe's Energy Costs by 15%. (2025, July 18). Forbes. Retrieved from https://www.forbes.com/sites/guneyyildiz/2025/07/18/americas-high-stakes-bet-on-zangezur-how-a-us-led-corridor-could-slash-europes-energy-costs-by-15/

help of a neutral operator, it is possible to avoid a situation where one of the parties uses the corridor in its own interests, violating agreements. In this context, the US proposes a model similar to the management of international corridors in Berlin during the Cold War.

Problems and Obstacles to Implementation. In Armenia, there is certain dissatisfaction regarding the proposal to transfer control over the territory via lease, since any such wording is perceived as a loss of sovereignty. Prime Minister Nikol Pashinyan, despite diplomatic efforts, faces strong domestic political pressure. The opposition accuses him of being ready to "sell" national interests if he agrees to an agreement with the US. Moreover, Armenia insists that any routes through Syunik must remain under full Armenian control, as happens, for example, with transit between Russia and Kaliningrad through Lithuania. Pashinyan tries to maneuver, confirming interest in the US proposal, but, according to him, a final decision on this issue has not yet been made. He also outlined the possibility of creating an international consortium, which could include European structures, which would reduce concerns about the loss of sovereignty.

Iran and Russia, despite formal agreement to unblock communications, express serious concern about the implementation of the Zangezur Corridor project. The Kremlin may try to use its traditional ties with Armenia to convince it to reconsider the agreement or insist on more favorable conditions for Russia. For example, Moscow may offer new economic or military agreements with Yerevan in exchange for limiting Western influence. In the event that the project weakens Russia's economic influence in the region, Moscow will begin to restrict transit flows through its territory or strengthen control over energy routes passing through its territories. Russia will also likely strengthen its role in the "North-South" project, strengthening cooperation with Iran and India to compensate for losses associated with the reduction of its influence in the Caucasus. Also, if destabilization arises in the region, Russia may try to use its military presence in Armenia and the Caucasus as a whole to maintain its role as a guarantor of security.

For Iran, this project represents primarily an economic threat, since a significant part of transit goods going to Central Asia today passes through Iranian territory. Iranian officials, including Ali Akbar Velayati, advisor to the Supreme Leader, recently stated that the opening of the Zangezur Corridor could lead to the geopolitical isolation of Iran, limiting its transit capabilities and strengthening the positions of Turkey and Azerbaijan in the region. In addition, the loss of 20–30 percent of transit revenues from losing control over the route could significantly affect the profit of Iran, which expects to be a key player in the "North-South" project (RF-Iran-India). From a political point of view, Iran also fears the strengthening of the positions of Israel and pro-Western forces in the immediate vicinity of its borders. Therefore, Iran may use diplomatic pressure on Armenia and Azerbaijan to demonstrate determination to defend its interests. Moreover, Iran has begun conducting military exercises near the border with Azerbaijan and is generally strengthening its military activity in the region.

Despite the heightened rhetoric, official statements by Iran do not contain direct threats to start military actions against Azerbaijan. Tehran, rather, seeks to demonstrate readiness to defend its interests. At the same time, Azerbaijan officially ruled out the possibility of using its territory for attacks against Iran, emphasizing the importance of political settlement and stability in the region.

Economic Benefits and Risks. The economic benefit from the implementation of the corridor looks promising. The new route is expected to significantly reduce the delivery time of goods between Europe and Asia, as well as reduce transport costs by 20–30 billion dollars per year. This will be beneficial not only for Azerbaijan but also for Central Asia, which will receive direct access to European markets. In addition, countries such as Kazakhstan and Uzbekistan will be able to increase the export of their products to Europe, bypassing long and expensive routes through Russia. The project can become a strategic lever for strengthening the positions of Turkey, which in the future will become an important transport hub connecting Europe with Central Asia and the Caspian region. Azerbaijan expects significant growth in the export of oil, gas, petrochemicals, and electricity to Europe and Turkey. However, given the existing geopolitical risks, the successful implementation of the project is far from guaranteed. Armenia 30% Visit of P to Turkey[42].

The Zangezur Corridor project is an important test for international diplomacy. If the US succeeds in convincing Armenia and Azerbaijan to reach a compromise, this

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[42] Why Armenia Is Seeking to Normalize Relations With Turkiye. (2025, June 30). Carnegie Endowment for International Peace. Retrieved from https://carnegieendowment.org/russia-eurasia/politika/2025/06/armenia-turkiye-rapprochement?lang=en

could become a precedent for solving complex geopolitical problems through economic and diplomatic methods, with minimal risks to sovereignty. The implementation of the corridor will give the countries of the region a chance for economic prosperity and reduce dependence on Russian and Iranian transit routes. It will also open up alternative sources of energy and transportation of goods for Europe.

However, the probability of success remains uncertain. Internal political contradictions in Armenia and resistance from Iran and Russia create significant risks. If negotiations fail, the situation could lead to destabilization of the region, which will create problems for all participants. In the worst case, Azerbaijan may resort to military pressure, which will lead to a new conflict in the region, involving Iran and Russia in it. In this case, the project could become another frozen point of tension in the South Caucasus, and Western countries will lose the opportunity to use this strategic transport artery.

Thus, the coming months will be decisive for the fate of the Zangezur Corridor. The success or failure of the project will demonstrate not only the capabilities of US diplomacy but also the ability of the South Caucasus countries to overcome long-standing geopolitical disagreements in the interests of economic development.

The visit of interim Syrian President Ahmed al-Sharaa to Washington and his negotiations with President Donald Trump, held on November 9–10, 2025, became a landmark event. This event—the first official visit of a Syrian leader to the White House in history—draws a line under a period of deep isolation for Damascus that began with the severing of diplomatic relations in 2012. It also marks the beginning of a new stage in relations between Washington and the Syrian Government that came to power in December 2024, which may influence the further configuration of forces in the region.

The main practical result of the visit was an agreement on a significant easing of the sanctions regime. This step was preceded by preparatory measures: on the eve of the visit, the UN Security Council adopted a resolution lifting sanctions on President A. al-Sharaa and Interior Minister A. Khattab, and earlier a similar decision was made by the EU[43]. Following this, the US Department of the Treasury extended the moratorium on the "Caesar Act"—the toughest package of restrictions—for 180 days.

However, the full annulment of this act falls within the jurisdiction of the US Congress, where debates continue. The Trump Administration and Special Envoy for Syria Tom Barrack are actively calling for the complete lifting of sanctions to give the country a chance for recovery. To this end, the White House is working with congressmen, having planned hearings titled "Give Syria a Chance."

A key obstacle to the complete lifting of sanctions remains the position of some Republicans, particularly Congressman Brian Mast, known for his pro-Israel stance. Understanding his importance, A. al-Sharaa held a separate meeting with him in Washington. After the meeting, B. Mast announced his readiness to reconsider his position[44]. This legislative uncertainty is the main deterrent for major investors from

[43] EU Lifts Sanctions on Syria. (2025, May 28). Sidley Austin Insights. Retrieved from https://www.sidley.com/en/insights/newsupdates/2025/07/syria-sanctions-rollback-us-uk-and-eu-updates-in-a-global-context

[44] Chairman Mast on Meeting with Syrian President Ahmed al-Sharaa. (2025, November 10). House Foreign Affairs Committee. Retrieved from http://foreignaffairs.house.gov/news/press-releases/chairman-mast-on-meeting-with-syrian-president-ahmed-al-sharaa

Gulf countries and Western companies, who are not ready to invest funds while the risk of a sudden resumption of sanctions persists.

Despite this, even a temporary suspension opens up significant opportunities. Syrian banks will be able to resume relations with international financial institutions, and basic civilian goods, software, and technologies will begin to enter the market without the need for special licenses. These measures, aimed at stimulating the economy, are already finding practical reflection: the CEO of the Syrian Petroleum Company announced contacts with Chevron and ConocoPhillips regarding investments in a new oil refinery. In addition, restrictions were lifted from Syrian Airlines, several banks including the Central Bank, the Syrian oil company Sytrol, as well as organizations managing the ports of Latakia and Tartus, and key ministries of the economic bloc[45].

In exchange for these concessions, the Syrian leader agreed to strengthen security cooperation. During the visit, Damascus officially announced its accession to the Global Coalition to Defeat ISIS. Although the Syrian side emphasizes the purely political nature of this agreement, it opens the way for expanding contacts between intelligence services and sharing intelligence. Moreover, cooperation may acquire a military dimension: the US is preparing to deploy a contingent in Damascus to assist in monitoring a potential security agreement between Syria and Israel.

Despite the official denial of this information by the Syrian Foreign Ministry, Western and Syrian sources confirm the conduct of inspection trips and technical negotiations. It is assumed that the base will be used for logistics, surveillance, and humanitarian operations, while Syria will retain full sovereignty over the facility.

This puts Washington in a new situation: now it has two key partners in Syria. On the one hand is the new Government in Damascus, on the other are the "Syrian Democratic Forces" (SDF), a Kurdish military alliance that has been the main US ground ally in the fight against ISIS for ten years. This layout weakens the position of the SDF, who are losing their unique status.

US strategic motives are aimed at cementing Syria's departure from the Iranian sphere of influence, which occurred after the fall of the B. Assad regime, and preventing

[45] Syria to sign energy deals with Chevron, ConocoPhillips companies. (2025, November 11). North Press Agency. Retrieved from https://npasyria.com/en/132060/

the restoration of Tehran or Moscow's positions there. By granting Syria preferences, Washington seeks to create such economic incentives for Damascus that could, in the long term, convince the Syrian leadership to reconsider the depth of its military-political cooperation with the Kremlin.

This strategy is supported by key regional players. Saudi Arabia and Turkey—the two main supporters of the new regime—believe that Syria's return to the regional economy will be the shortest path to development and security, will prevent the return of Iranian influence, and turn the country into a connecting economic link between Turkey and the Gulf countries. At the same time, neighboring countries—Jordan, Lebanon, and Egypt—for whom the presence of a large number of Syrian refugees is a heavy socio-economic burden, are interested in establishing stability to create conditions for the return of refugees.

Easing sanctions opens up certain economic opportunities for the transitional Government of Syria. According to World Bank estimates, the cost of reconstruction work could reach 250 billion dollars[46]. The suspension of restrictions will allow launching infrastructure recovery projects, open markets for basic goods, facilitating access to food and medicine, which will contribute to ensuring social stability. It is expected that this will lead to a significant improvement in the exchange rate of the Syrian pound and general financial and monetary stability, but only subject to the creation of a safe investment environment and a new legislative framework.

An important step was also the permission for the resumption of the Syrian diplomatic mission in Washington in full volume. This will strengthen Damascus's ability for direct contacts, concluding treaties, and attracting investments, and will also become a symbol of the de facto recognition of Syrian sovereignty.

Despite the obvious breakthrough, the agreements reached are fraught with significant challenges and risks. First, the problem of the SDF status remains unsolved. Through US mediation, a compromise was reached on their integration into the national army as separate units. However, the Kurds strive for political autonomy (self-governance) in their regions, which is categorically rejected by Damascus, which fears the disintegration of the country, and Turkey, which considers the SDF a terrorist

[46] Syria's Post-Conflict Reconstruction Costs Estimated at $216 Billion. (2025, October 21). The World Bank. Retrieved from https://www.worldbank.org/en/news/press-release/2025/10/21/syria-s-post-conflict-reconstruction-costs-estimated-at-216-billion

organization. This uncertainty fuels tension "on the ground," where the Euphrates River has effectively turned into a front line.

Second, the key issue remains outside the scope of the visit – the agreement with Israel, which has reached a deadlock due to deep contradictions and security threats. This is due to the fact that Washington is pushing the Syrian leader toward a full-fledged peace agreement and accession to the "Abraham Accords."

However, for A. al-Sharaa this is impossible under conditions where Israel deepens its military presence in Southern Syria, demands the demilitarization of vast territories, and strikes Syrian military facilities. Israel explains these actions by the need to protect the Druze minority, which has already fallen victim to fierce clashes. At the same time, there is a strategic calculation behind this: to turn the Druze enclave in southern Syria into a pro-Israel buffer zone, to prevent the strengthening of Turkey (an ally of A. al-Sharaa) in the country, and to enlist the support of the influential Druze community within Israel itself.

At the same time, for A. al-Sharaa himself, negotiations with Israel are a high-risk factor, as they are perceived by radical elements within his own regime as a "red flag," which increases the threat of an internal coup or assassination and highlights the fragility of his power.

Third, US policy itself remains unpredictable: the temporary nature of the suspension of sanctions is a tool of pressure allowing Washington to maintain distance and stimulate A. al-Sharaa to further concessions.

Thus, President A. al-Sharaa's visit to Washington is not a finale, but only the beginning of a complex dialogue. For the US, this is an opportunity to cement a favorable change in the regional order, using sanctions as the main lever of influence on the further development of the situation. For the new Syrian leadership, this is a tactical success and a chance for economic survival, coupled with the need to fulfill tough conditions and solve complex internal tasks. The long-term success of this approach will depend on Damascus's ability to maneuver between external pressure and internal challenges.

The summit of heads of state of the "C5+1" format, held on November 6, 2025, in Washington, became a landmark event marking a qualitative transformation of relations between the United States and the five republics of the region. Timed to coincide with the tenth anniversary of the platform and held for the first time at the highest level in the White House under the chairmanship of President Donald Trump, it demonstrated a transition from a predominantly declarative dialogue to the conclusion of major economic agreements.

The summit took place against the backdrop of fundamental shifts in global geopolitics: Russia's invasion of Ukraine in 2022 and the aggravation of US-China rivalry created a unique window of opportunity for Central Asian countries to diversify external ties, and for Washington – an acute need to strengthen positions in a strategically important and resource-rich region, which, according to D. Trump, "previous American presidents completely ignored."[47] Confirming the new level of interaction, US Secretary of State Marco Rubio announced an intention to visit all five Central Asian countries in 2026, which is part of broader diplomatic efforts to strengthen ties with the region.

Holding the summit specifically in Washington, and not on the sidelines of the UN General Assembly as was the case previously, was in itself an important political signal. This step, as well as the adoption by the US Senate of a resolution confirming the strategic importance of the "C5+1" format, testify to the elevation of the region's status in US foreign policy priorities. In the resolution, the Senate officially "reaffirms the strategic importance of the C5+1 platform in protecting the sovereignty, stability, and regional security of Central Asia." As experts note, including during discussions at the Atlantic Council, the "C5+1" format, launched back in 2015, has gone from a symbolic platform for dialogue to a mechanism for implementing concrete, pragmatic projects. This was also facilitated by the transformation of Central Asia itself, which in recent years has turned from a region torn by contradictions into a more consolidated and active player with its own agenda.

[47] Trump and leaders of Central Asian countries meet in Washington. (2025, November 7). Euronews. Retrieved from https://www.euronews.com/2025/11/07/trump-and-leaders-of-central-asian-countries-meet-in-the-white-house

The central element of the summit was a large-scale package of trade and economic agreements. The core of this package was the agreement with Uzbekistan: President D. Trump announced Tashkent's plans to carry out purchases and investments in key sectors of the American economy totaling about $35 billion over the next three years, and in a ten-year perspective, this figure should exceed $100 billion.

The foundation for these agreements was laid during a series of working meetings of the Uzbek delegation in Washington, resulting in signed agreements aimed at modernizing industrial infrastructure, introducing resource-saving technologies in agriculture, and strengthening cooperation in the fields of cybersecurity and artificial intelligence. Financing for projects in energy and transport was discussed with the head of the Export-Import Bank of the United States (EXIM), John Jovanovic[48]. Negotiations with the CEO of the US International Development Finance Corporation (DFC), Ben Black, focused on accelerating the creation of a joint investment platform. Long-term cooperation in the automotive industry was discussed at a meeting with General Motors International Executive Vice President Shilpan Amin[49].

A substantial package of 29 agreements totaling about $17 billion was also signed by Kazakhstan. Among the key projects is a $2.5 billion agreement with John Deere on the localization of agricultural machinery production[50]. In the mining industry, a $1.1 billion agreement was finalized between Tau-Ken Samruk and Cove Capital on the joint development of one of the world's largest undeveloped tungsten deposits[51].

In the sphere of high technology, Kazakhstan signed memorandums totaling about $300 million with BETA Technologies and Joby Aero Inc. to develop electric aviation and air taxis. In the financial sector, the National Investment Corporation of the National Bank concluded agreements for $1 billion with leading American funds,

[48] EXIM Signs "Buy American, Build the Future" Agreement with Uzbekistan to Boost Exports and Support American Jobs. (2025, November 9). Export-Import Bank of the United States. Retrieved from https://www.exim.gov/news/exim-signs-buy-american-build-future-agreement-uzbekistan-boost-exports-and-support-american
[49] From Washington to Samarkand: Mirziyoyev Proposes Hosting Next C5+1 Summit. (2025, November 7). The Times of Central Asia. Retrieved from https://timesca.com/from-washington-to-samarkand-mirziyoyev-proposes-hosting-next-c51-summit/
[50] Kazakhstan and the United States signed 29 agreements worth nearly USD 17 billion. (2025, November 6). Kazakh Invest National Company. Retrieved from https://invest.gov.kz/media-center/press-releases/kazakhstan-and-the-united-states-signed-29-agreements-worth-nearly-usd-17-bill
[51] Cove Capital to mine Kazakhstan tungsten in Trump-announced deal. (2025, November 6). Reuters. Retrieved from https://www.reuters.com/world/asia-pacific/cove-capital-mine-kazakhstan-tungsten-trump-announced-deal-2025-11-06/

including Brookfield Asset Management and Cerberus Capital Management[52]. An important outcome was also the announcement of Kazakhstan's first industrial investment project in the US: One-Thirty Holding signed a memorandum for $130 million on the construction of a chemical complex.

The summit was also marked by breakthroughs in the spheres of aviation and communications. Plans were announced for the sale of a total of more than 40 Boeing aircraft. The national carrier Air Astana and Boeing Corporation signed a letter of intent for the supply of 18 new wide-body Boeing 787-9 Dreamliner aircraft. Tajikistan's Somon Air plans to acquire up to 14 aircraft, and Uzbekistan Airways has finalized an order for eight Dreamliners. In the sphere of digital communications, a landmark event was the announcement of a partnership between Elon Musk's Starlink company and the telecommunications group Veon. This agreement, called Starlink's largest deal for direct-to-cell satellite connectivity for mobile phones, provides access to the service for more than 150 million potential customers and will begin with operators Beeline in Kazakhstan and Kyivstar in Ukraine[53].

Analysis of these deals, however, reveals their ambiguous nature. As some economists note, many of the announced agreements essentially represent an inflow of capital from Central Asia to the US (through leasing and loans for the purchase of aircraft, machinery, and locomotives), which, according to experts, is closer to the approaches of the Gulf countries. Of the truly direct investments in the region, only the project on tungsten deposits in Kazakhstan stands out. Such a structure reflects the existing model of foreign economic exchange: export of raw materials in exchange for import of high-tech products.

This manifests the transactional approach characteristic of the D. Trump Administration based on the "quid pro quo" principle. For the US, the obvious and immediate benefit lies in supporting its own manufacturers and creating jobs. For Central Asian countries, the long-term gain depends on less guaranteed factors: successful localization of production and real transfer of technological expertise. A

[52] Kazakhstan and the United States signed 29 agreements worth nearly USD 17 billion. (2025, November 6). Kazakh Invest. Retrieved from https://invest.gov.kz/media-center/press-releases/kazakhstan-and-the-united-states-signed-29-agreements-worth-nearly-usd-17-bill
[53] VEON's Beeline Kazakhstan Partners with Starlink Direct to Cell to Launch Satellite Connectivity to Kazakhstan. (2025, November 6). VEON Ltd. Press Release. Retrieved from https://www.veon.com/newsroom/press-releases/veons-beeline-kazakhstan-partners-with-starlink-direct-to-cell-to-launch-satellite-connectivity-to-kazakhstan-with-support-from-kazakhstan-government

closer gain appears to be the activation of substantive discussions in the US Congress on the repeal of the Jackson-Vanik amendment—a Cold War-era trade restriction which, by the general opinion of legislators and experts, has long lost its relevance and is a barrier to a full-fledged economic partnership that creates stability and predictability for investors.

A key factor prompting the D. Trump Administration to such decisive activation is strategic competition with China in the sphere of access to critical minerals. Washington seeks to diversify its supply chains to reduce dependence on Beijing, which controls about 70% of global extraction and 90% of processing of rare earth elements, the restriction of supplies of which by China has already created difficulties for some sectors of the US economy. Against this backdrop, Central Asia, possessing significant reserves of tungsten, uranium, antimony, copper, and lithium, becomes an important partner for the US[54]. At the summit, this topic was central: even President of Tajikistan E. Rahmon, during a meeting with D. Trump, emphasized his country's readiness to attract American investments for the development of deposits of rare and strategic resources. At the same time, the countries of the region insist on creating a full production cycle – from geological exploration to the output of finished products – so as not to remain merely raw material appendages. Turkmenistan's interests are narrower and are connected with hopes of receiving American support for the long-planned TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline project. Although no concrete decisions were made on this issue, the summit provided Ashgabat with a platform to actualize this project in the context of global energy security and diversification of supply routes bypassing Russia.

For Central Asian countries, the summit became a crucial opportunity to promote their multi-vector foreign policy. The war in Ukraine served as a powerful catalyst for the countries of the region in their search for alternative economic partners and trade routes. In this context, the US is viewed as an important counterbalance to the influence of not only Russia but also China. Washington's active support for the Trans-Caspian International Transport Route ("Middle Corridor") fully corresponds to these aspirations. Moreover, recent agreements on the development with American

[54] Competition Intensifies Over Central Asia's Rare Earth Elements. (2025, November 30). The Central Asia-Caucasus Analyst. Retrieved from https://www.cacianalyst.org/publications/analytical-articles/item/13906-kazakhstans-ai-silknet-building-a-digital-bridge-for-cen

participation of the "Zangezur Corridor," dubbed the "Trump route," are viewed as a "bottleneck" through which the US and its allies open a path to Central Asia.

Despite the announced deals, American presence faces China's deeply rooted influence in the region. As analysts note, Chinese investments are structural and long-term in nature. The American approach, especially under D. Trump, looks more transactional. Historically, US attention to the region has been situational, which forces Central Asian leaders to treat long-term prospects with caution. The real question is whether the US is ready to invest in creating complete production chains on the territory of Central Asia, including raw material processing and guaranteed product purchase, as China is already doing. It is precisely on this that whether Washington can constitute real competition to Beijing in the struggle for long-term influence will depend.

Besides resource and geopolitical issues, significant attention was paid to the development of human capital and the social sphere. The Kazakhstan delegation signed a package of agreements in the field of education and science totaling about $50 million with leading American universities and companies. One of the key projects will be the creation of the new Ulytau Technical University in Zhezkazgan with the participation of the Colorado School of Mines. In the financial sphere, the National Bank of Kazakhstan and Visa signed a memorandum of cooperation. In the healthcare field, JSC Samruk-Kazyna and Ashmore Investment Advisors announced a project worth $150 million to create the first multi-profile clinic in Kazakhstan under a Western brand[55].

In addition to economic agreements, the summit was also marked by important diplomatic events. One of them was the announcement of Kazakhstan joining the "Abraham Accords." Although this step is largely symbolic in nature, it is a clear signal of Astana's readiness to integrate into international initiatives promoted by Washington.

However, this step should be viewed in the broader context of Israel's activation in the region. According to Israeli diplomatic sources, since 2023, Israel has been purposefully working on deepening ties with the countries of Central Asia and the South Caucasus. This strategy pursues several goals: first, creating a counterbalance to Iran's

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[55] Samruk-Kazyna and Ashmore to Plan to Introduce World-Class Clinical Technologies in Kazakhstan. (2025, November 6). Samruk-Kazyna Press Center. Retrieved from https://sk.kz/press-center/news/78599/?lang=en

influence; second, containing Turkey's regional ambitions; and third, countering the spread of radicalism, especially after attempted attacks on Israeli facilities in the region following the aggravation in Gaza[56]. For the US, involving Kazakhstan in this format is a diplomatic breakthrough, and for Kazakhstan itself – a pragmatic step within the framework of multi-vector policy, strengthening ties with a key US ally in the Middle East.

The summit also manifested the desire of the region's countries to increase their own agency. President Sh. M. Mirziyoyev put forward a number of initiatives aimed at institutionalizing the "C5+1" format, proposing to establish a permanently operating secretariat, a Coordinating Council on Investments, and to launch a "Central Asian Investment Partnership" Fund. The proposal to hold the next summit in Samarkand also testifies to Uzbekistan's desire to play a more active role in shaping the regional agenda.

In conclusion, it should be noted that, according to experts, the "C5+1" summit in Washington marked not just another stage of dialogue, but a qualitative shift in relations. The United States, concerned about the security of its industrial supply chains, found interested partners in the face of Central Asian countries. In turn, the countries of the region, striving to diversify their economies, see the US as a source of necessary investments and technologies. However, despite the progress, it is necessary to maintain a realistic view: China's economic presence in the region still exceeds America's many times over, and Moscow remains both the main guarantor of security for the region's countries and the main possible threat to their stability. Geographic proximity to Russia and China obliges Central Asian countries to continue adhering to a cautious foreign policy course. The ultimate success of this new stage of cooperation with the US will depend not on loud declarations, but on the consistent and successful practical implementation of the signed agreements.

[56] Eyeing Iran, Israel moves to shore up ties with neighboring Caucasus, Central Asia. (2023, January 18). The Times of Israel. Retrieved from https://www.timesofisrael.com/eyeing-iran-israel-moves-to-shore-up-ties-with-neighboring-caucasus-central-asia/

THE TRUMP POLICY VS. GLOBAL TRADE TRANSFORMATION

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INTRODUCTION

Donald Trump's return to the presidency in 2025 marked a sharp and immediate reassertion of economic nationalism as the central pillar of U.S. trade policy, fulfilling his isolationist campaign promises. While his first term (2017–2021) saw the U.S. pull out of multilateral trade deals, impose targeted tariffs on China, and adopt a confrontational approach to global supply chains, his second term has gone significantly further in both scale and ideological clarity. Tariffs of at least 10% have now been imposed on over 70% of all U.S. goods imports, sweeping away decades of bipartisan consensus on trade liberalization and reinserting the federal government as a central actor in industrial and global economic policy. This policy shift is grounded in the Heritage Foundation's Project 2025 blueprint, which envisions an assertive use of tariffs and trade tools to bolster domestic manufacturing and reduce U.S. economic entanglement with geopolitical rivals.

This shift is not occurring in isolation. Since 2020, global trade has undergone significant reconfiguration due to COVID-19 disruptions, strategic competition with China, the Ukraine war, and a broader global turn toward economic security. In this environment, Trump's trade policy reflects not only a return to his "America First" ethos but also an acceleration of long-simmering trends toward decoupling, reshoring, and the weaponization of interdependence. Tariffs, once framed as a negotiating tactic, are now explicitly justified as permanent structural tools to reindustrialize the U.S. economy, reduce foreign leverage, and reclaim "economic sovereignty."

The motivations for Trump's trade agenda appear to stem from three main sources:

Strategic Realignment with China: The most aggressive tariffs target China, the primary strategic threat in the 2025 National Security Strategy (NSS), with effective rates on some categories, especially electronics, metals, and consumer goods, reaching over 100%. This reflects a belief that dependency on Chinese manufacturing poses national security and economic risks. Trump has positioned tariffs as both punishment for unfair trade practices and a deterrent against China's geopolitical rise. By framing trade in zero-sum terms, the administration sees tariff escalation as a means to assert dominance in the ongoing strategic competition with Beijing.

Electoral Calculus and Domestic Industrial Policy: Trump's 2024 victory was anchored in economically dislocated regions, specifically post-industrial towns, agricultural counties, and working-class suburbs where voters have long blamed globalization for job losses and stagnant wages. His campaign framed tariffs not just as an economic tool, but as a political commitment to these communities. In office, the administration has embedded tariffs into a broader industrial strategy aimed at reviving domestic manufacturing and securing electoral loyalty in swing states. One illustrative case is a Texas-based construction IT firm that, under pressure from new import duties, has shifted away from Chinese hardware suppliers toward U.S.-made alternatives. The administration has touted this as a success story for how tariffs can catalyze domestic job growth in high-tech sectors while reinforcing Trump's appeal in critical battleground regions.

Challenge to Multilateralism and Institutional Constraints: A deep skepticism toward international institutions underpins Trump's second-term trade doctrine. The World Trade Organization (WTO), once central to global trade governance, is now bypassed entirely. Trump's team has emphasized bilateralism and reciprocity over legalism and rules-based order. The administration's actions, including threats of secondary sanctions, sector-specific embargoes, and unilateral tariff hikes, reflect an assertion of executive power unconstrained by congressional or multilateral oversight. The result is a system where tariffs are issued rapidly, often over social media, and used as leverage in broader geopolitical disputes.

This radical departure from post–Cold War U.S. trade orthodoxy is already generating ripples across the world. Countries that rely on stable access to the U.S. market, such as Uzbekistan, must now navigate a landscape of unpredictability, informal negotiations, and politically motivated trade restrictions. For smaller economies and landlocked nations, especially those attempting to maintain balanced relations with both the West and regional powers like China, Iran, and Russia, Trump's tariff regime presents both risks and potential leverage.

CORE ISSUE

The scale and unilateral nature of Trump's second-term tariffs have ignited a series of legal resistance. The most high-profile case, V.O.S. Selections, Inc. v. Trump, filed by a coalition of small businesses, argues that the administration's broad invocation of executive authority under the International Emergency Economic Powers Act (IEEPA) oversteps constitutional bounds. While a Temporary Restraining Order (TRO) was denied, the case has become a bellwether for similar lawsuits, including those brought by California and a coalition of over a dozen states, asserting that the tariffs have imposed unjust economic harm on their residents. These cases raise broader constitutional concerns over separation of powers and the use of national emergency declarations as a policy tool.

Bipartisan unease in Congress has led to renewed momentum behind the Trade Review Act of 2025, which seeks to curtail presidential authority over tariffs by restoring a greater oversight role for Congress. While introduced by Senators Chuck Grassley and Maria Cantwell, the bipartisan bill has met resistance from Republican leadership, with Senate Majority Leader John Thune dismissing its prospects. Nonetheless, the Act reflects deepening concern among lawmakers over the unpredictability of tariff policy, especially as it is often announced via social media rather than through institutional channels. The legislative debate underscores a growing rift between traditional pro-trade Republicans and Trump's protectionist base. However, this rift does not appear strong enough to urge the Republican party to publicly oppose President Trump's agenda.

Major industry groups, including the National Retail Federation, Chamber of Commerce, and National Association of Manufacturers, have voiced alarm over rising input costs and disrupted supply chains. The Federal Reserve, initially cautious in its projections, revised its 2025 GDP forecast downward from 2.1% to 1.4%, citing tariff-driven inflation and reduced consumer spending. Chairman Powell this week stated specifically that the Fed would have cut interest rates already if not for tariff-driven inflation, dealing a significant blow to Trump's economic resume. PCE inflation is now expected to rise to 3.1%, up from earlier estimates. Retailers, automotive companies, and electronics firms have warned of product shortages due to collapsing Chinese imports and escalating logistics costs. Business leaders have also criticized the lack of exemptions and the suddenness of policy shifts, likening the climate to "tariff roulette."

Trump’s current trade policy, which seems chaotic, is attempting to find a political-ideological framework developed by Stephen Miran, head of the U.S. President's Council of Economic Advisers. According to Miran’s concept, the US provides two “public goods” to the world: The “security umbrella” that has provided an era of peace, and the dollar and the U.S. government bonds that made the global trading and financial systems possible. Miran argues that it is costing America dearly by being financed at the expense of the American taxpayer. In order for the U.S. to continue to fulfill its function as a provider of public goods, other countries must “pay a fair price,” which implies:

Accepting new U.S. tariffs without retaliating to increase U.S. revenues.

Opening their markets and buying more goods from the U.S.

Increasing defense spending and buying U.S. equipment and weapons.

Increasing investment and building factories in the U.S. to avoid high U.S. tariffs.

Direct payments to the U.S. Treasury to finance the production of global public goods.

Miran also proposes a levy on dollar reserves (e.g., through a reduction in debt interest) for large foreign holders of U.S. government bonds, believing that the use of the dollar is an “unfair burden” on the U.S. economy. Critics consider these ideas “fantasies” because a levy on dollar reserves is effectively an attempt to change the terms of the deal retroactively, which would undermine confidence in the issuer of U.S. government bonds. The claim that the dollar and the US-created financial system are “global goods” is also criticized because the system was designed in 1944 for the benefit of the US itself. Miran's concept also includes a “traffic light” system of evaluating trading partners: “green” (friendly), “yellow” (neutral), and “red” (adversaries), with corresponding tariffs and security assistance, which is effectively economic segregation. Miran calls his concept the “Mar-a-Lago agreement,” alluding to an ambitious design that would eventually replace the 1944 Bretton Woods agreement. However, few people in the U.S. know about this “agreement,” and economists outside the Council of Economic Advisers warn that such an agreement could lead to global financial disaster.

With the 2026 midterm elections approaching, tariffs are emerging as a central political issue, particularly in key swing states and rural red states. While tariffs on Chinese goods and perceived "toughness" on trade remain popular with parts of Trump's base, backlash is growing in agricultural and manufacturing communities that depend on exports and affordable inputs. States like Iowa, Wisconsin, and Pennsylvania, which combine manufacturing, farming, and swing voter blocs, are seeing early signs of political realignment, especially as farm cooperatives and unions express dissatisfaction. Democratic strategists are seeking to tie tariff-induced inflation to Trump's economic management, while Republican incumbents face pressure to defend protectionist policies that may alienate key donor blocs and moderates.

United Kingdom

The United Kingdom became the first country to finalize a trade agreement with the United States under Trump's second administration. Announced on May 8, 2025, the deal was framed by the White House as a "model agreement" for other allies. However, analysts largely described it as limited in scope. The U.S. agreed to reduce tariffs on up to 100,000 British cars from 25% to 10% while eliminating tariffs on British metals and aircraft parts up to an undefined quota. In exchange, the UK agreed to drop tariffs on U.S. ethanol and raise its quota on U.S. beef from 1,000 to 13,000 metric tons. Importantly, the agreement did not alter the UK's food safety standards, meaning hormone-treated American beef remains banned, nor did it modify the UK's 10% baseline tariff on American cars. The UK's swift re-negotiations of tariffs mark a clear departure from the conservative response of the EU, causing BREXIT supporters to promote it as an economic win.

One of the most contentious and unresolved issues remains the UK's Digital Services Tax (DST), a 2% levy targeting large digital firms, primarily U.S.-based tech giants such as Facebook and Microsoft. While the UK offered to reduce or phase out the DST as part of earlier negotiations, no deal was reached, and U.S. pressure on the issue continues. Similarly, the UK has not secured full exemptions from Trump's steel and aluminum tariffs, despite attempts by British officials to negotiate a carveout. The DST remains a political flashpoint, with the Liberal Democrats and some Labour MPs opposing any concessions as a "handout to Big Tech", while the Conservative opposition has criticized the Labour government for failing to secure broader tariff relief. In Canada, a similar issue had the potential to become a political chokepoint; however, the

Carney government quietly dropped their DST provisions in order to appease the Trump administration and proceed with negotiations.

The UK's political response to the deal revealed a growing partisan divide. Labour Party officials, including Prime Minister Keir Starmer and Chancellor Rachel Reeves, characterized the agreement as pragmatic, designed to protect UK exporters from deeper damage in a volatile global environment. Conversely, the Conservative Party, led by Kemi Badenoch, derided the deal as an admission of weakness, arguing that Labour should have pushed for a broader free trade agreement rather than settle for incremental sectoral relief. Business leaders expressed mixed reactions: the beef and ethanol concessions were welcomed by agricultural lobbies, but automotive and steel stakeholders viewed the outcomes as insufficient.

The limited scope of the deal and lingering tensions over DST and metal tariffs have broader implications for US–UK–EU alignment. While the UK was once positioned as a transatlantic bridge between the US and Europe, the post-Brexit reality has constrained its flexibility. As the EU and US drift toward economic confrontation, London risks being caught in the middle: aligned too closely with Washington to benefit from EU retaliation coordination, but not influential enough to shape U.S. policy direction. The failure to resolve longstanding issues such as DST or regulatory divergences also underscores the waning leverage of mid-sized economies navigating great-power trade competition.

China

Since the start of Donald Trump's second term, the United States Federal Government has implemented sweeping new tariffs on Chinese imports, escalating the trade tensions that defined his first administration. By April 2025, tariffs on certain Chinese goods had reached as high as 145%, part of a broader "reciprocal tariff" framework announced by the White House on April 2. These measures targeted a wide range of sectors, including electronics, textiles, and machinery, with fewer exemptions than previous trade rounds – including those negotiated by President Trump's first administration. The policy marked a shift from more targeted duties toward across-the-board increases affecting the majority of goods imported from China, signaling a significant political victory for the isolationist MAGA coalition.

One specific area of focus has been the de minimis exemption, which allows low-value imports to enter the United States duty-free. In recent years, the exemption has facilitated a surge in small-package imports from Chinese e-commerce firms, such as Alibaba, Shein, and Temu. Although Trump initially delayed changes to the policy, the exemption was expected to be revoked in May 2025. In anticipation, both firms expanded their U.S. warehousing and distribution networks and onboarded more domestic sellers to reduce exposure. Analysts observed that Chinese logistics firms had increased leasing of U.S. warehouse space, accounting for a significant portion of new industrial real estate activity.

The imposition of high tariffs had immediate effects on bilateral trade. In April 2025, ocean freight bookings from China to the United States fell by over 60%, with industry reports warning of possible shortages of certain goods in the U.S. market. While Chinese officials issued limited public responses, economic analysts suggested that retaliatory measures remained on the table. Beijing's trade diversification efforts, including greater engagement with Southeast Asia, Africa, and Latin America, were viewed as part of a long-term strategy to reduce dependence on the U.S. market.

The developments have had ripple effects on global supply chains. U.S. companies with exposure to China accelerated plans to shift manufacturing to third countries, particularly in Southeast Asia and Mexico. However, the complexity of supply chain realignment and continued reliance on Chinese inputs in key sectors, such as electronics, medical equipment, and batteries, meant that immediate substitution was limited. The longer-term effects of these shifts remain uncertain, but industry groups have warned of cost increases and delays as companies adapt to the new trade environment. Despite escalating tensions, reports suggest the Trump administration is weighing a potential visit to Beijing later this year in a high-stakes effort to broker a limited bilateral deal with Chairman Xi, an echo of Trump’s transactional diplomacy during his first term.

Although Beijing initially avoided headline retaliation, its countermeasures were quietly strategic. Chinese authorities expanded subsidies to domestic manufacturers and ramped up exports to non-U.S. markets, including ASEAN and Africa. State-affiliated media signaled the potential for export restrictions on rare earth minerals such as gallium and graphite, which are materials critical to U.S. semiconductor and defense production. At the diplomatic level, China intensified its Belt and Road diplomacy and sought to strengthen trade ties with the BRICS bloc, RCEP members, and Central Asia to counterbalance U.S. pressure. Beijing also threatened WTO legal action, although its efficacy remains uncertain given Trump's continued obstruction of the WTO Appellate Body.

Japan

Japan, traditionally one of America's strongest allies in Asia, has found itself in a delicate position amid Trump's renewed trade war. Despite its close security ties with Washington and its significant investments in the United States, Japan has not been exempted from the broad tariff regime. Tariffs on Japanese automobiles, machinery, and steel remain in place, and Tokyo's efforts to secure exemptions or a bilateral deal have so far been unsuccessful. The Japanese government has responded cautiously, emphasizing diplomatic dialogue while quietly expanding trade and investment ties with the EU, ASEAN, and India to diversify its exposure.

During Trump's first term, the 2019 U.S.–Japan Trade Agreement was presented as a partial win for both sides, reducing some agricultural and industrial tariffs without constituting a full free trade agreement (FTA). However, the lack of follow-through on a Phase Two agreement, and the new imposition of blanket tariffs, has effectively erased many of the benefits that Japan sought. Japanese officials have expressed frustration that key concessions made earlier, such as increased access for U.S. beef and wine, were not reciprocated with permanent tariff relief. Japan's efforts, instead of being met with a reduction in tariffs or even substantial dialogue, have so far been counterproductive, with the announcement of an additional 25% tariff for Japan as of July 8, 2025. The Trump administration has justified the renewed tariffs under the banner of "reciprocity," despite Japan's compliance with WTO norms and U.S. market openness.

Japan's response has been strategic and multipronged. Domestically, Tokyo is expanding subsidies for reshoring advanced manufacturing, particularly semiconductors and EV batteries with the help of U.S. firms like Micron and Intel. Externally, Japan is increasing engagement with the EU through the Japan–EU Economic Partnership Agreement and with ASEAN under the CPTPP framework. At the ASEAN regional meeting on July 9, Japan's delegation sought significant economic partnerships and investment with others in the block, though the success of these efforts remains to be seen. The Kishida government has also signaled renewed interest in minilateral economic groupings such as the G7-led PGII (Partnership for Global Infrastructure and Investment), and is playing a key role in regional digital governance efforts. These moves reflect Japan’s broader attempt to hedge against U.S. unpredictability and preserve its global economic competitiveness.

One emerging point of friction in US-Japanese trade negotiations is the digital economy. Japan and the U.S. remain at odds over data localization rules, cross-border data flows, and platform regulation. Trump’s administration has pushed for looser data governance to benefit American tech giants, while Japan has taken a more privacy-and sovereignty-oriented approach aligned with the EU’s GDPR model. This divergence complicates efforts to create a unified “tech alliance” in the Indo-Pacific and could spill over into broader trade negotiations. Japan’s proposed Digital Trade Principles, endorsed by the G7 in 2023, may become an additional source of resistance to the U.S.’s deregulatory push, especially as countries like Canada were forced to abandon digital services taxes.

Implications for Central Asia

For the five Central Asian countries — Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Tajikistan — Trump’s second-term trade agenda has created new headaches and unexpected openings. While these countries are not major global exporters or industrial giants, they are deeply engaged in the global trade system, particularly through their ties to China, Russia, and, increasingly, Turkey and the EU. As global trade becomes more fractured and politically driven, Central Asia is simultaneously feeling the squeeze and finding new ways to stay relevant.

The most immediate effect comes from the U.S. tariffs on Chinese goods. Central Asia imports a large share of its consumer products, electronics, machinery, and raw materials from or through China. With U.S. tariffs disrupting Chinese exports and global supply chains, prices are rising and timelines are becoming unpredictable, even for countries like Uzbekistan that don’t trade directly with the United States. Businesses in Tashkent and Almaty report higher costs for electronics and construction materials, and delays in cross-border shipping have become more common, particularly through key rail routes like the China–Kazakhstan–Europe corridor.

At the same time, there’s opportunity: if Western firms start pulling manufacturing out of China or searching for alternative suppliers, countries like Uzbekistan and Kazakhstan could step in as lower-cost hubs. For that to happen, though, Central Asia needs to improve infrastructure, customs efficiency, and transparency, which are all sectors where recent progress has been slow and uneven.

President Trump's reimposition of aggressive sanctions on Iran in his second term, particularly the threat of secondary sanctions targeting countries that engage in energy or logistics cooperation with Tehran, has had chilling effects on Uzbekistan in specific. Uzbekistan has no direct reliance on Iran for trade (despite increasing diplomatic relations between the two countries), the threat of U.S. penalties has made regional actors cautious. Transport and logistics companies have already begun redirecting goods away from Iranian routes to avoid exposure in the expanding sanctions regime. The strategic message from Washington is clear: align economically with U.S.-approved channels or risk exclusion.

Uzbekistan, which had cautiously explored southern routes through Iran (for example, the Bandar Abbas corridor), is now increasingly shifting toward Trans-Caspian alternatives due to recent regional instability. One promising route is the Kazakhstan–Caspian Sea–Azerbaijan–Georgia–Turkey corridor, which circumvents Iran entirely and plugs Uzbekistan into the Middle Corridor (TITR) initiative. Another is via Turkmenistan's Turkmenbashi port, with onward shipping across the Caspian. These alternatives, while logistically more complex and potentially costlier, provide insulation from sanctions-related volatility and open pathways to European markets via the Black Sea.

Trump's tariff strategy and renewed containment of Iran create openings for Western-backed infrastructure initiatives in Central Asia. The EU's Global Gateway and U.S.-supported Blue Dot Network could find traction in Uzbekistan, especially if they offer viable, sanctions-free corridors. With renewed attention to the Trans-Caspian route, both Washington and Brussels have a strategic interest in supporting multimodal transport infrastructure, customs harmonization, and digitized border crossings that facilitate regional trade integration. Uzbekistan, keen to assert itself as a logistics hub, could emerge as a linchpin of East-West connectivity if offered credible investment and political guarantees.

Central Asia is now at the center of an infrastructure tug-of-war. China's Belt and Road Initiative (BRI) remains dominant, but Western powers are beginning to offer competing packages, which are often smaller and slower, but with fewer geopolitical strings. European countries, in particular, are showing interest in expanding rail and green energy infrastructure in the region. For Central Asian governments, this is both a risk and an opportunity. On one hand, more players mean more bargaining power:

Uzbekistan can now use multivector foreign policy with China, the U.S., the EU, and Türkiye to secure better financing, more favorable trade terms, or help with digital customs systems. On the other hand, accepting Western investment often comes with conditions such as transparency, environmental safeguards, or political reforms that governments may be reluctant to implement. If these countries can't manage the balancing act, they risk becoming too dependent on one power or stuck between competing visions of connectivity.

It's important to note that the region is not responding as a unified bloc. Each country is pursuing its own strategy. Kazakhstan is hedging carefully between Russia, China, and the EU; Uzbekistan is positioning itself as a neutral and business-friendly hub; Kyrgyzstan remains deeply tied to the Russian-led Eurasian Economic Union; Tajikistan is hedging economically and militarily with China; and Turkmenistan remains mostly inward-looking. Despite these different approaches, Trump's tariffs and sanctions are forcing each to make hard choices, the most significant of which is whether to align more closely with the West, China, or attempt a middle path. Without coordination, Central Asia risks drifting further apart in terms of economic policy, trade regulation, and infrastructure strategy.

While some Central Asian leaders may welcome the chance to attract investment or become a logistics hub, there's a danger in leaning too far toward any single power. Just as dependence on China raises concerns about debt and sovereignty, overreliance on U.S. or EU supply chains, particularly when linked to politically driven trade policy, brings its own risks. For instance, a future change in U.S. leadership could abandon these corridors just as quickly as they were promoted. Moreover, if global economic blocs harden further, including BRICS vs. G7 or China vs. the West, Central Asia could find itself locked out of critical trade flows unless it has diversified and modernized its economy in time.

Trump's trade war has created turbulence across the global economy, but in Central Asia, it has exposed a central truth: geography is both a burden and an opportunity. These countries sit at the crossroads of East and West, and with the right policies, investments, and partnerships, they could transform that position into long-term economic leverage. But doing so requires fast, smart, and coordinated action. Otherwise, the region risks being just another casualty of another great power rivalry.

BRICS

President Trump's aggressive trade policies has accelerated momentum toward alternative multilateral groupings, especially BRICS. Originally formed as a loose coalition of emerging economies, including Brazil, Russia, India, China, and South Africa, BRICS has now evolved into a geoeconomic bloc increasingly willing to challenge U.S.-led trade, financial, and security architectures. In 2024, Saudi Arabia, Egypt, the UAE, and Iran joined the grouping under the BRICS+ expansion framework, with dozens of other countries, including two Central Asian States, expressing interest in some form of alignment.

Trump's second-term tariffs, especially those targeting countries in the Global South, have driven a number of countries to diversify away from Western-led supply chains and payment systems. BRICS has positioned itself as the default alternative, particularly in regions facing diplomatic friction with Washington. China and Russia have aggressively used BRICS platforms to promote de-dollarization, digital currencies, and alternative trade settlement mechanisms. The New Development Bank (NDB), originally created as a BRICS infrastructure fund, has increased its outreach to Central Asia and the Caucasus, offering concessional loans with fewer political conditions than Western institutions. India, while maintaining hedging strategies, has also used BRICS to expand bilateral trade in rupees and pursue regional supply chain initiatives under its "Act East" and "Central Asia Connect" policies.

From Washington's perspective, BRICS represents both a geopolitical irritant and a justification for further decoupling. Trump's advisers have decried the group as trying to usurp the US Dollar, with Trump likening the development to "losing a war, a major world war, [where] we would not be the same country any longer." In recent weeks, the Trump Administration has proposed retaliatory tariff schedules for BRICS+ members that maintain close trade ties with China or Iran. These actions risk hardening global fault lines, pushing middle economies like Uzbekistan into difficult strategic choices.

Engaging BRICS mechanisms, such as development financing, regional connectivity initiatives, and trade settlement experiments, offers tangible benefits to developing countries. However, full alignment carries risks. As BRICS increasingly adopts an overtly anti-Western posture, association could trigger secondary sanctions from the U.S. or EU, especially under Trump's doctrine of "economic loyalty." Policymakers will need to carefully navigate this space, seeking selective participation that avoids overt politicization. At the same time, BRICS could offer a negotiating wedge. As Trump's tariff regime creates friction for traditional allies and trade partners, countries like Uzbekistan may find leverage in presenting themselves as "non-aligned balancers," willing to work with all blocs but tied to none. The challenge is not just economic alignment, but diplomatic choreography in a world where trade blocs now act as proxy coalitions in a multipolar contest.

Executive Summary and Recommendations

Trump's second-term trade policy marks a historic inflection point in the global economic order. The dismantling of multilateral norms, the weaponization of tariffs, and the overt use of economic policy as a geopolitical tool have created a volatile and fragmented trade environment. While some of the initial impacts are already observable, including rising inflation, disrupted supply chains, and diplomatic rifts, the long-term consequences remain contingent on how other global actors respond. Below are three plausible scenarios shaping the trajectory of the global trade system over the next 2–4 years:

Scenario 1: Prolonged Trade Conflict and Global Decoupling
In this scenario, the Trump administration maintains or escalates tariffs on most major trade partners, particularly China, while offering only narrow exemptions to allies that comply with U.S. demands. This results in a full-fledged trade war, with retaliatory tariffs, disrupted logistics networks, and growing uncertainty for multinational firms. Supply chains fracture along geopolitical lines, and parallel trade blocs begin to solidify. China, in turn, accelerates its pivot to the Global South, boosting engagement with BRICS+, Africa, and Latin America. This would potentially result in the world bifurcating into U.S.-centric and China-centric trade zones. WTO mechanisms would erode further, and neutral countries struggle to access both markets without violating sanctions or political red lines. Global inflation would persist, and cross-border investment falls into decline.

Scenario 2: Selective Détente with Allies, Sustained Pressure on China
In this more pragmatic scenario, the Trump administration uses tariffs as a negotiating tool, aggressively targeting China but offering partial relief to strategic allies such as the UK, Japan, and possibly the EU. Digital Services Taxes and steel tariffs may remain points of contention, but a broader realignment toward bilateral agreements reopens channels for cooperation. The administration frames this as a reordering of alliances

under "reciprocal trade" principles, pushing allies to choose sides more explicitly. Trade flows among U.S. partners stabilize, but the system becomes more exclusive. China remains isolated from Western markets, accelerating its drive for technological self-reliance and economic independence. Developing countries must navigate the tightening lines of bloc politics without compromising critical partnerships.

Scenario 3: Global Realignment Around BRICS and ASEAN Alternatives Frustrated by Trump's protectionism and unpredictability, a growing number of emerging economies coalesce around alternative institutions and trade systems. BRICS expands its influence through regional development banks, digital currency pilots, and non-dollar trade settlements. ASEAN economies deepen intra-bloc integration and create a neutral economic corridor resistant to U.S. or Chinese domination. Middle powers increasingly pursue "strategic autonomy," hedging against both superpowers. The center of global trade gravity shifts toward the Global South. New standards, financing mechanisms, and settlement systems begin to rival U.S.-led institutions. The dollar loses some ground in cross-border trade, and countries outside major blocs gain leverage by playing multiple systems against each other.

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