DOI: 10.54861/27131211_2025_4_240

DONALD TRUMP'S ECONOMIC POLICY IN 2025 AND ITS IMPACT ON THE WORLD ECONOMY

Malikova Adel A.
Financial University under the Government of the Russian Federation, Moscow, Russia

Corresponding author: Malikova Adel A.: adelmalikovaa@mail.ru
ORCID: https://orcid.org/0009-0005-3833-6911
eLIBRARY SPIN-code: 1834-4444

Kotova Veronika A.
Financial University under the Government of the Russian Federation, Moscow, Russia

Co-author: Kotova Veronika A.: nicakotova@gmail.com
ORCID: https://orcid.org/0009-0009-9934-1959
eLIBRARY SPIN-code: 4885-1106

Highlights

– The Trump administration's 2025 trade policies imposed high tariffs, causing significant trade disruptions and retaliations from major economies.

– These policies led to a global economic slowdown, with trade volume projected to decline by 1.5% to 2% in 2025

– Financial markets experienced sharp declines, with the S&P 500 dropping 15%, and the U.S. dollar weakening by 1.51%.

– Deregulatory measures aimed at boosting U.S. competitiveness raised concerns about long-term environmental and financial stability.

– Russia, although exempt from direct tariffs, faces indirect losses due to reduced demand for key commodities like oil and metals, affecting its economic growth.

– The Trump administration’s 2025 economic agenda marked a return to protectionism, deregulation, and unilateral policy-making.

Abstract

***I**ntroduction*: In 2025, U.S. President Donald Trump's economic policies, including protectionism, deregulation, and tariffs, reshaped both the U.S. economy and global trade relations. His "America First" agenda triggered disruptions in supply chains, financial markets, and international alliances, particularly with China, the EU, and Mexico. This study examines the immediate and long-term global impacts of these policies on trade, currency stability, and international cooperation. By evaluating the consequences of these shifts, the paper highlights the risks and opportunities arising from unilateral economic measures in a globalized economy.

***M**ethods:* This research employed a mixed-methods approach, combining qualitative content analysis of policy documents and government reports with comparative analysis of international trade and macroeconomic data. Quantitative analysis of key economic indicators, including GDP growth and currency exchange rates, was conducted using publicly available data from sources like the IMF, OECD, and the U.S. Bureau of Economic Analysis.

***R**esults:* The Trump administration's 2025 trade policies led to a 1.5% to 2% contraction in global trade. Stock markets, including the S&P 500, saw significant declines, reflecting market uncertainty. The U.S. dollar weakened, and manufacturing investments shifted to avoid new trade barriers. Russia, though not directly targeted, suffered from falling commodity demand, affecting its economy.

***A**vailable data*: No available data

***D**iscussion:* The Trump administration's 2025 economic policies, marked by aggressive tariffs and deregulation, have led to significant shifts in global trade and financial stability. These measures triggered a slowdown in global economic growth, with a projected contraction in international trade volume by 1.5% to 2.0%. The escalation of trade tensions, particularly with China, the EU and Mexico, resulted in a series of retaliatory tariffs, further destabilizing international markets. U.S. stock markets experienced significant volatility, with major declines in indices such as the S&P 500. Moreover, the global reallocation of manufacturing investments accelerated, as companies sought to avoid US-targeted trade barriers. These trends were accompanied by rising inflationary pressures both in the U.S. and globally.

Keywords

Trump’s economic policy, trade tariffs, protectionism, economic nationalism, geopolitical economics, global trade.

JEL classification: F13, F62, F51, H30.

For citation: Malikova AA., Kotova V.A. (2025). Donald Trump's economic policy in 2025 and its impact on the world economy. *Progressive Economy,* 4, 240–255. DOI: 10.54861/27131211_2025_4_240.

The article was submitted to the editorial office: 04/11/2025. Approved after review: 04/29/2025. Accepted for publication: 04/30/2025.

Introduction

The renewed focus on protectionist and nationalist economic strategies in U.S. policy making has reignited debates surrounding the role of unilateral economic measures in a highly interconnected global economy. The re-election of Donald Trump as President of the United States in 2024 marked a significant shift back to a more aggressive economic doctrine rooted in tariffs, deregulation, and domestic industry revitalization. In 2025, these policies have not only reshaped the internal dynamics of the U.S. economy but have also exerted far-reaching consequences on global trade, financial markets, and international economic relations. Among the most contentious components of Trump's economic agenda are steep import tariffs, restrictive immigration policies, and the rollback of multilateral trade agreements. This study explores the economic policies introduced by the Trump administration in 2025, analyzing their direct and indirect impacts on the global economy, with particular attention to trade flows, currency markets, and geopolitical economic alliances.

The relevance of this topic stems from the critical role that U.S. economic policy plays in shaping global macroeconomic trends. As the world's largest economy and issuer of the dominant reserve currency, any significant shift in U.S. policy direction is inevitably felt across international markets. Trump's return to office has brought renewed emphasis on "America First" principles, prompting disruptions to supply chains, volatility in global investment flows, and policy recalibrations among key U.S. trade partners, including the European Union, China, and Mexico. The unprecedented scale and speed of policy changes in 2025 have triggered both strategic realignments and economic uncertainty worldwide, raising concerns about the stability of the global trading system and the future of multilateralism. By assessing the implementation and consequences of these policies, this paper contributes to the ongoing dialogue on how domestic economic agendas in large economies can produce systemic risks and opportunities on a global scale.

The objective of this study is to evaluate the economic measures introduced by Donald Trump in 2025 and to assess their impact on the global economy. To achieve this, the following research goals have been established:

– to analyze the structure and rationale of Trump's 2025 economic policy decisions;

– to evaluate their immediate effects on key macroeconomic indicators within the U.S.;

– to examine the spillover effects on global trade, currency stability, and economic alliances;

– to assess how international institutions and foreign governments are responding to these shifts.

The object of the research is the economic policy framework of the United States under President Donald Trump in 2025. The subject of the research is the influence of these policies on global economic structures, particularly in terms of trade relations, financial markets, and international cooperation mechanisms.

The scientific and practical significance of this research lies in its potential to provide a nuanced understanding of how abrupt shifts in economic policy from a major global actor can influence the international economy. By using real-time economic indicators and up-to-date policy data, the study offers empirical insights into the interconnectedness of domestic policy and global outcomes, while also contributing to policy making debates on economic resilience, globalization, and trade strategy in an era of renewed nationalism.

Literature Review

In the research “Macroeconomic Consequences of Trump's Policies” published in “Policy Studies”, Benjamin Born and his colleagues come to the conclusion that while certain Trump’s policies, such as tax cuts, provided short-term economic stimulus, the overall approach led to increased fiscal deficits and heightened uncertainty in global markets [2]. Their quantitative assessment further underscores the complexities and unintended consequences of aggressive economic nationalism. In contrast, Stephen Moore, along with Arthur Laffer, who co-authored “Advocacy for Trumponomics”, support the economic strategies implemented by the Trump administration [14]. They argue that tax reforms and deregulation spurred economic growth and job creation. However, their optimistic projections have been met with criticism from other economists who question the long-term sustainability of such policies, particularly concerning fiscal deficits and income inequality. Meanwhile, Historian Niall Ferguson, in his article "Donald-25: the new virus that's devastating the world economy," likens Trump's 2025 tariff policies to a "mind virus" causing widespread economic disruption [6]. He argues that the aggressive imposition of tariffs has led to supply chain disruptions, market volatility, and strained international relations, drawing parallels to the economic turmoil experienced during the COVID-19 pandemic.

As for Russian scholars, Alexander Firanchuk, a senior researcher at the Gaidar Institute, critiques the unpredictability of Trump's economic decisions in his articles [7]. He asserts that sudden policy shifts have undermined investor confidence and disrupted global trade dynamics. Firanchuk highlights the challenges businesses face in adapting to rapidly changing trade policies, emphasizing the long-term implications for international economic stability. Similarly, Alexander Losev, the author of “Trumponomics and the Erosion of Globalization”, examines the broader implications of "Trumponomics," suggesting that the emphasis on national interests and protectionism signals a retreat from globalization [11]. He warns that such policies may lead to trade wars and a slowdown in global economic integration, potentially diminishing the United States' leadership role in the international economic order.

Overall, the scholarly discourse on President Trump's economic policies reveals a spectrum of perspectives, ranging from advocacy to critical analysis. While proponents highlight short-term gains in economic growth and employment, critics underscore the risks associated with increased deficits, market instability, and the undermining of global trade systems. The convergence of these analyses suggests that while Trump's policies may have yielded immediate domestic benefits, they

pose significant challenges to long-term global economic stability and cooperation. This underscores the need for a balanced approach that considers both national interests and the imperatives of an interconnected global economy.

Methods

This research employed a mixed-methods approach, combining qualitative analysis, comparative policy review, and statistical data analysis with an extensive literature review. The methodological framework was designed to comprehensively assess the structure, rationale, and outcomes of U.S. economic policy decisions under President Donald Trump in 2025 and their broader implications for the global economy.

Qualitative content analysis was utilized to examine primary sources, including policy documents, government statements, press briefings, and official economic reports issued by U.S. federal agencies such as the Office of the United States Trade Representative (USTR), the Department of the Treasury, and the Federal Reserve. This method enabled a critical understanding of the ideological foundations and strategic motivations underpinning the Trump administration's economic agenda, with particular attention to protectionist rhetoric, trade negotiation positions, and fiscal priorities.

Comparative analysis was conducted to evaluate the impact of these policies against prior U.S. administrations and in the context of international responses. This included a cross-national review of trade and macroeconomic data from key U.S. partners such as China, the European Union, and Mexico, using reports from international organizations such as the International Monetary Fund (IMF), World Trade Organization (WTO), and the World Bank. The comparative dimension helped identify key divergences and alignments in economic responses, as well as shifts in trade strategy, foreign direct investment flows, and monetary policy coordination.

Although primarily qualitative, this research also integrated quantitative statistical analysis. Macroeconomic indicators such as GDP growth rates, inflation, trade balance figures, foreign reserve holdings, and currency exchange rates were analyzed using publicly available data from sources including the IMF, OECD, U.S. Bureau of Economic Analysis (BEA), and the Bank for International Settlements (BIS). Descriptive statistics and time-series comparisons were used to identify significant trends and economic inflection points in 2025. These data were critical in evaluating the immediate and projected effects of Trump's policy shifts on both the U.S. and global economies.

By triangulating multiple methodological approaches, this study aimed to produce a well-rounded and empirically grounded analysis of the resurgence of Trump-era economic nationalism and its complex, multidimensional impacts on global economic structures.

Results

The return of Donald Trump to the presidency in 2025 marked a continuation and intensification of the key economic strategies introduced during his first term. These policies – centered on protectionist trade measures, corporate tax reduction,

deregulation, and restrictive migration – reflect a broader economic nationalism with far-reaching implications for both the domestic economy and global economic architecture.

1. Trade Policy

In April 2025, US President Donald Trump imposed tariffs on imports of products from 210 countries and territories. The list does not include only a few countries, including Russia, which either have tough sanctions that restrict trade or have imposed tariffs earlier, as in the case of Canada and Mexico. In just 2 days, both stock markets and oil prices have fallen by more than 10% [15].

As of April 5, 2025, the U.S. imposed a 10% base tariff on most countries, including major economies like the UK, Brazil, and Australia, as well as former Soviet states such as Ukraine, Georgia, and Armenia. Exceptions include higher tariffs: 27% on imports from Kazakhstan and 31% from Moldova. Key trading partners were hit harder: the EU faces a 20% tariff, Japan 24%, South Korea 25%, and China initially 34%, later raised to 84%. Tariffs between 40–50% were also introduced on Cambodia, Vietnam, Laos, and other Asian and African nations.

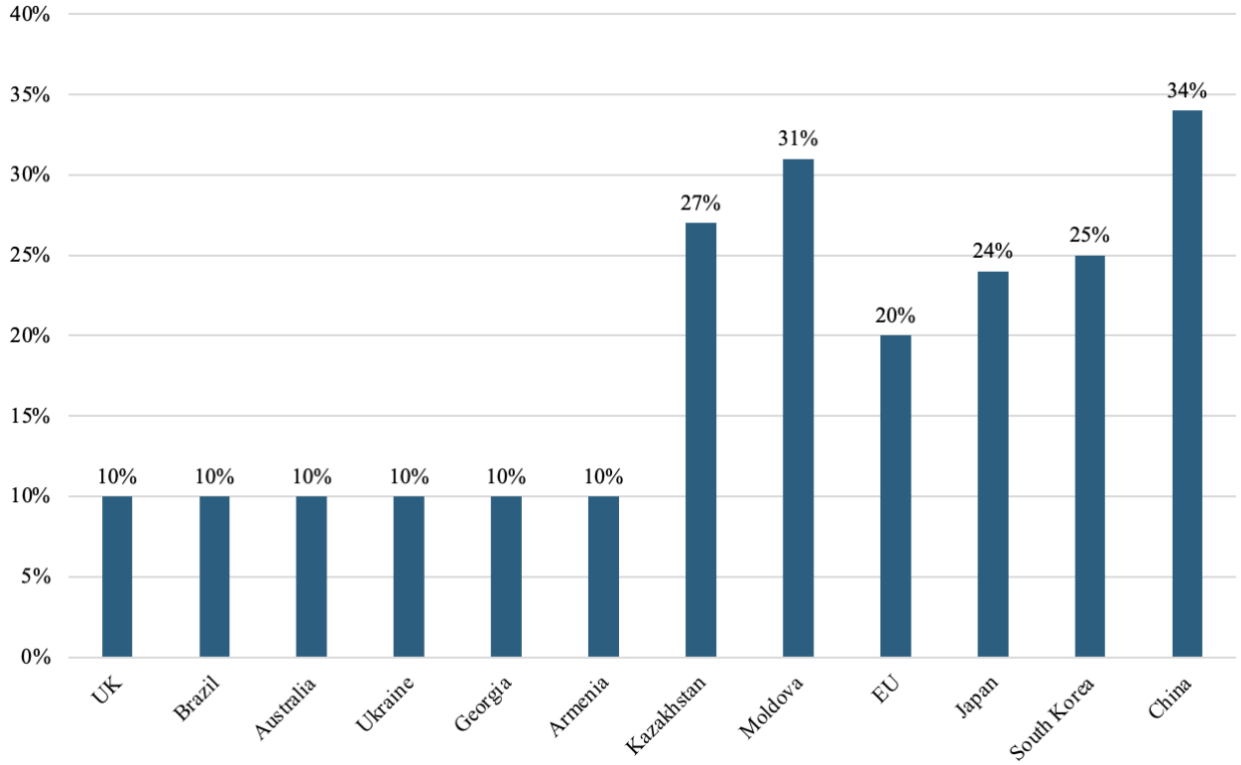


Fig. 1. Tariffs imposed by Donald Trump in 2025

Source: compiled by the authors based on the data [15]

These measures took effect on April 9 but were temporarily suspended for 90 days the same day. Notably, even remote territories like the uninhabited Heard and McDonald Islands were included in the 10% tariff list, drawing social media mockery. The White House explained this was to close loopholes, as the islands exported machinery and manufactured goods to the U.S. in 2022. Additionally, a separate 25% tariff was imposed on all car imports, on top of the base rate [15].

All these new tariffs are officially intended to protect American manufacturers from what the administration describes as "unfair" foreign competition. According to a formal statement from the White House, such practices by trade partners lead to reduced domestic consumption and wages, an expanding trade deficit, and ultimately pose a threat to national security.

President Trump characterizes the new tariffs as “reciprocal”. In his view, other nations have pursued unjust trade policies toward the U.S., including both high tariffs on American products and non-tariff barriers that restrict U.S. exporters from expanding into foreign markets. These barriers include insufficient protection of intellectual property, restrictions on U.S. investments, and excessive bureaucratic requirements. U.S. authorities view excessively cheap imports as a major contributor to structural economic problems. Between 1997 and 2024, the U.S. lost approximately 5 million manufacturing jobs due to domestic industries being displaced by imports and American firms relocating production overseas to lower-cost labor markets. These shifts have also had broader social consequences: regions hit by factory closures have seen increased rates of opioid addiction and other forms of social dislocation.

Through the increase in tariffs, the administration aims to reduce the country’s trade deficit. The United States currently runs the world’s largest annual trade deficit, totaling $1.1 trillion, which equaled 3.9% of U.S. GDP in 2024 [10]. The largest bilateral deficit – nearly $295 billion – is with China, which has been subject to the most extensive tariff increases. The Trump administration also considers cheap imports a national security risk, particularly because of the military-industrial sector’s dependence on foreign components and raw materials.

The concept of “reciprocal” tariffs is not interpreted literally by the administration. Instead of mirroring existing foreign tariffs, U.S. officials calculated a “de facto” tariff rate that includes not only explicit duties but also other implicit trade barriers, such as currency manipulation. For example, although the average official import tariff in the EU was just 2.7% in 2023, the White House estimates the effective barrier to U.S. exports to be 39%. For China, the de facto rate is estimated at 67%, and for India, 52%. Based on these estimates, the U.S. set tariff rates for each country by halving the calculated de facto barrier. Thus, a 39% estimated tariff from the EU resulted in a 20% U.S. tariff; India’s 52% led to a 26% U.S. rate. Countries with barriers under 10% – such as the UK, Australia, and Brazil – were assigned a 10% base tariff [1].

These unilateral moves reinvigorated conflict with the World Trade Organization (WTO). The administration publicly questioned the legitimacy of the WTO’s dispute resolution mechanism and proposed fundamental reforms aimed at prioritizing bilateral enforcement. While the U.S. abstained from direct withdrawal, it blocked key appellate body appointments, effectively paralyzing the organization. As noted by the OECD (2025), this weakened the global multilateral trade system and encouraged similar behavior from other major economies.

Another key aspect of the Trump administration’s trade policy in 2025 is the renewed focus on renegotiating bilateral agreements, most notably the United States-

Mexico-Canada Agreement (USMCA), which had originally replaced NAFTA during Trump's first term [13]. Although a formal review was scheduled for 2026, the administration accelerated consultations, citing the need to restore U.S. manufacturing competitiveness and address persistent trade imbalances. This shift was accompanied by a broader wave of tariff increases, including a duty on foreign automotive components, which strained the agreement's tariff-free provisions and raised concerns among U.S. trade partners. Mexico, in particular, sought exemptions for key exports such as vehicles and metals, arguing that the new tariffs conflicted with USMCA commitments. These developments reflect a deeper challenge to regional trade stability: the unilateral reassertion of U.S. trade barriers undermines the credibility of established agreements and contributes to global economic uncertainty.

2. Tax Policy

In 2025, the Trump administration reaffirmed its commitment to the Tax Cuts and Jobs Act (TCJA) of 2017, which had permanently reduced the corporate tax rate from 35% to 21% [19]. This legislation has remained a central pillar of U.S. tax policy, with the administration emphasizing its role in bolstering American global competitiveness by encouraging domestic investment and job creation. While the TCJA contributed to an initial surge in corporate profits and incentivized foreign direct investment (FDI), it has also played a significant role in deepening the structural deficit. According to the Congressional Budget Office (CBO), the federal budget deficit for fiscal year 2025 is projected to reach $1.9 trillion, or 6.2% of GDP, with cumulative deficits expected to total $21.758 trillion from 2026 to 2035. The administration highlighted the TCJA's potential to attract international capital by maintaining a comparatively low corporate tax burden. However, recent data from the International Monetary Fund (IMF) shows that while global FDI reached a record $41 trillion in 2023, the gains have been unevenly distributed across sectors, with high-tech and defense industries benefiting most significantly [20].

In a major policy shift, President Trump formally withdrew the U.S. from the OECD-led global tax agreement in January 2025. The administration rescinded commitments to the Pillar Two framework, which had aimed to establish a 15% global minimum tax on multinational corporations [20]. A particular point of contention was the Under-Taxed Payments Rule (UTPR), which would allow other countries to impose top-up taxes on U.S.-based companies if their effective domestic tax rate fell below the global minimum. The administration's withdrawal was accompanied by threats of tax sanctions and a possible renegotiation of bilateral double taxation treaties. This move undermined the OECD's efforts to create a unified international tax framework and may prompt other countries to adopt unilateral measures – posing new risks to international cooperation on tax policy and global trade.

3. Deregulation Policy

In 2025, the Trump administration resumed its broad deregulation agenda with a focus on administrative, environmental and financial sectors.

Firstly, the Trump administration signed executive orders aimed at reducing the regulatory footprint of federal agencies. In late January, Trump signed an executive order, in keeping with his deregulatory policies, requiring agencies to cut 10 regulations for every new one they impose, instead of the 2-to-1 ratio he instituted during his first term [8]. Agencies were also directed to accelerate internal reviews of current regulations and justify any rule that imposed compliance costs over a specific threshold. The Office of Information and Regulatory Affairs (OIRA) was empowered to more aggressively review and reject proposed rules it deemed economically restrictive or unnecessary.

Secondly, environmental policy has seen one of the most significant reversals. The administration repealed methane emissions limits for oil and gas operations originally enforced by the Environmental Protection Agency (EPA), citing cost burdens on producers [5]. The Department of the Interior also reopened federal lands and offshore areas for fossil fuel exploration that had been previously restricted. Fuel economy standards for passenger vehicles, tightened under the Biden administration, were rolled back to pre-2021 levels, easing pressure on automakers to invest in electric and hybrid technologies. Additionally, enforcement mechanisms tied to the Clean Power Plan were dismantled, allowing coal-fired plants greater leeway in emissions reporting and compliance. To accelerate energy development, the administration streamlined the National Environmental Policy Act (NEPA) review process, which governs the environmental impact assessments of major infrastructure projects. New guidance limited the scope and timeline of environmental reviews, reduced public input periods, and shifted more authority to states, many of which had looser regulatory frameworks. The goal was to fast-track approval of pipelines, refineries, and LNG terminals.

Thirdly, in the financial sector, the Consumer Financial Protection Bureau (CFPB) saw a substantial reduction in its enforcement capabilities [12]. Key rules related to payday lending, debt collection practices, and mandatory arbitration were repealed or weakened. The administration also scaled back elements of the Dodd-Frank Act, particularly stress-testing requirements for mid-sized banks and reporting obligations for derivatives trading. The Securities and Exchange Commission (SEC) adopted a more lenient stance toward corporate disclosures and shareholder rights, under the banner of reducing burdens on capital formation.

4. Migration Policy and the Labor Market

Continuing his previous platform, Trump reintroduced hardline immigration policies in 2025, including expanded border enforcement, restrictions on asylum applications, and a sharp reduction in work-based visa quotas. These measures significantly impacted labor supply, especially in agriculture, hospitality, and construction – sectors historically reliant on migrant labor. The Bureau of Labor Statistics (BLS, 2025) recorded a 3.2% decline in foreign-born labor force participation compared to 2024 [18]. This shortage has led to wage inflation in low-skill sectors but has also disrupted productivity and output. Agricultural producers, in particular, reported unharvested crops and rising production costs due to an insufficient seasonal workforce. Meanwhile, the tech sector, dependent on H-1B visa

holders, warned of growing talent shortages, prompting calls for targeted exemptions from industry coalitions.

Preliminary modeling by the Peterson Institute for International Economics (2025) suggests that these migration policies may reduce potential GDP growth by 0.3–0.4% annually over the next five years, as labor shortages compound existing demographic pressures and slow productivity gains [1]. At the Department of Labor, the administration rolled back Obama-era rules related to worker classification, easing restrictions on the use of independent contractors in sectors like transportation and gig work. The Occupational Safety and Health Administration (OSHA) scaled back workplace inspection mandates and limited reporting requirements for workplace injuries and illnesses. The Equal Employment Opportunity Commission (EEOC) also reduced data collection from large employers regarding wage disparities and workplace demographics.

Overall, these findings underscore the far-reaching implications of the Trump administration's 2025 policy agenda, not only for domestic governance but also for global economic dynamics. While the immediate effects are evident in sectors such as labor, energy, and trade, the broader consequences raise critical questions about long-term stability, international cooperation, and the evolving role of the United States in the global order.

Available data

No available data.

Discussion

The Trump administration's 2025 policy shifts have reignited debates over the balance between national interest and global interdependence. From deregulation to immigration and tax policy, the administration prioritized short-term economic gains and domestic control. However, these actions have generated mixed outcomes, both at home and abroad, given that the United States is one of the world's largest economies, consuming the highest number of goods.

1. Negative impact on global economic growth

One of the most immediate and tangible consequences of the Trump administration's 2025 trade policy is a projected slowdown in global economic growth. The imposition of elevated tariffs on a wide range of countries has significantly reduced the profitability of exporting goods to the U.S., thereby discouraging trade and disrupting established supply chains. As a result, many nations may experience a decline in export volumes, leading to broader contractions in industrial activity and GDP growth. For instance, the imposition of U.S. tariffs and the uncertainty it created in global markets led to a projected contraction in international trade volume by approximately 1.5% to 2.0% in 2025. These figures, drawn from data compiled by the World Trade Organization (WTO) and the World Bank, underscore the extent to which unilateral trade decisions by the United States affected the broader global economy [10].

At the same time, supply chain realignments were observed as multinational firms sought to diversify production sites and reduce dependency on U.S. trade channels. Consequently, key U.S. partners such as China, the European Union, and Mexico shifted toward internal economic strengthening or bolstering trade relations with emerging markets. Particularly illustrative was China's strategic response, which included expanding economic ties with countries in the Global South [4]. The European Union, in its turn, responded with an €800 billion "ReArm Europe" initiative, aimed at boosting economic autonomy, defense integration, and reducing reliance on U.S. financial and technological infrastructure [17].

Furthermore, global oil prices dropped by approximately 6% following announcements of the new tariffs – an indication of market fears that rising trade barriers will dampen industrial demand for raw materials. The extent of this economic deceleration will largely depend on how other countries respond, particularly whether they impose retaliatory tariffs or seek alternative trade partnerships to mitigate losses stemming from reduced access to the American market.

2. **Escalation of Trade Tensions**

The introduction of reciprocal tariffs in April 2025 has triggered a sharp escalation in trade tensions, marking a renewed phase of trade war dynamics between the United States and its key partners. Notably, the Chinese State Council announced a 34% retaliatory tariff on U.S. imports on April 4, in direct response to the initial measures imposed by the Trump administration. This set off a tit-for-tat tariff spiral: the U.S. responded by raising its rate to 84%, prompting China to match the increase. By mid-April, both countries had further intensified the conflict, with the U.S. raising tariffs to 125% and China responding in kind [4].

Similarly, in the first quarter of 2025, the Trump administration imposed a 25% tariff on all imports from Mexico and Canada (with the exception of energy products, which were subjected to a 10% tariff), and a 10% tariff on all Chinese imports, with open discussions of escalating this rate to 60%. Additionally, a baseline tariff between 10% and 20% was applied to imports from all other countries [9]. As a result of these measures, nearly 44% of U.S. imports – amounting to approximately $1.4 trillion in goods – were subjected to new or increased tariffs, fundamentally altering the structure of U.S. trade policy [9].

This pattern of rapid trade tensions escalation not only exacerbates bilateral economic tensions but also injects significant volatility into global markets. Such confrontations risk undermining the rules-based international trading system and could encourage other nations to adopt similarly aggressive trade practices, thereby destabilizing global commerce and increasing the likelihood of long-term fragmentation in the world economy.

3. **Destabilization of Financial Markets**

The financial markets have responded sharply to the renewed wave of protectionist measures introduced by the Trump administration, resulting in substantial volatility and investor uncertainty. Following the announcement of new tariffs, global stock markets experienced significant sell-offs, with the S&P 500

index declining by 11% in less than a week and losing over 15% since the beginning of 2025. According to Reuters, this marks the steepest decline in the index's history since its inception in the 1950s, signaling the severity of market disruption [4].

The fallout has been particularly severe for multinational corporations and major U.S. importers of foreign goods. For instance, Apple Inc. saw its share price drop by 23% over just four trading sessions, causing it to lose its position as the world's most valuable publicly traded company [4]. These sharp declines represent trillions of dollars in lost market capitalization and underscore the heightened risk aversion among global investors.

In parallel, the U.S. dollar has also come under pressure. Between April 2 and April 9, the U.S. Dollar Index (DXY) fell by 1.51%, reflecting a broad-based depreciation against all G10 currencies [3]. This marks the dollar's worst performance in over two and a half years, driven by growing market sentiment that the tariff hikes may slow down the American economy. Deutsche Bank has even warned of a potential crisis of confidence in the dollar should protectionist policies persist, highlighting the broader implications of U.S. trade actions for global monetary stability.

4. Global Reallocation of Manufacturing Investment

The resurgence of trade tensions under the Trump administration in 2025 is expected to accelerate a global reallocation of manufacturing investments. The U.S.–China trade conflict of 2018–2019 had already catalyzed a significant shift in global production networks, with foreign direct investment (FDI) flowing rapidly into countries such as Mexico, Vietnam, Japan, and South Korea. Between 2018 and 2023, total investment in these economies increased nearly tenfold, exceeding $500 billion as firms sought to diversify away from China in response to escalating tariffs [3]. However, the new round of U.S. tariffs in 2025 now targets many of these same countries, potentially undermining their status as safe havens for export-oriented manufacturing. As a result, investors may once again adjust their strategies, redirecting capital toward jurisdictions that remain relatively unexposed to the current wave of trade barriers. This reallocation could lead to the emergence of new manufacturing hubs in lower-tariff regions, reshaping global supply chains and further fragmenting the post-globalization economic order.

5. Growing Inflationary Pressure

Another significant consequence of the Trump administration's tariff strategy is the anticipated rise in inflation, both within the United States and globally. The Organisation for Economic Co-operation and Development (OECD) reported an upward revision of the U.S. inflation forecast, increasing from 2.0% to 2.6% for 2025–2026 [16]. By making imported goods more expensive, the tariffs directly increase costs for American consumers, particularly in sectors heavily reliant on foreign inputs such as electronics, automobiles, and consumer goods. This inflationary pressure is further amplified by disruptions to global supply chains, which raise production costs and reduce efficiency across multiple industries.

The inflationary ripple effects are not confined to the U.S. economy. As global supply chains adjust to new trade barriers, countries integrated into export and

manufacturing networks may also experience upward pressure on prices. These dynamics are particularly acute in economies with strong trade linkages to the U.S., where firms may pass on higher input costs to consumers. Thus, the tariff-driven inflation could contribute to a broader trend of price instability in the international market, complicating monetary policy responses worldwide.

6. Impact on the Russian Economy

Although Russia has not been directly targeted by the new wave of U.S. tariffs introduced in 2025, the country remains highly exposed to their global consequences. According to U.S. Treasury Secretary Scott Bessent, the exclusion of Russia from the tariff list stems from the fact that bilateral trade between the two countries is already heavily restricted due to existing sanctions. Nonetheless, as a major exporter of raw materials, Russia is vulnerable to the indirect effects of a global economic slowdown triggered by escalating trade tensions. The deceleration of global growth has already begun to suppress demand for key commodities such as oil, copper, and aluminum, resulting in falling prices across international markets. Since energy exports constitute a substantial portion of Russia's federal revenue, reduced export income is likely to exert downward pressure on the ruble and contribute to macroeconomic instability.

In response to these risks, the Central Bank of Russia has issued warnings about the potential consequences of prolonged trade conflicts. The Bank emphasized that tariff wars tend to weaken global trade volumes and reduce demand for energy resources, posing serious challenges for resource-dependent economies like Russia's. One of the Central Bank's forecast scenarios for 2025–2027 outlines the possible impact of a global trade crisis, predicting a 3–4% contraction in GDP, inflation rising to 13–15%, and a key interest rate increase to as high as 22–25% [15]. These projections highlight the broader vulnerabilities of commodity-exporting nations in a world increasingly shaped by protectionist policies and economic fragmentation.

7. Consequences of Deregulatory Agenda

The Trump administration's renewed deregulatory agenda in 2025 has introduced profound shifts across administrative, environmental, and financial domains, with far-reaching economic and ecological implications both domestically and internationally. In the administrative sphere, the introduction of a "10-for-1" rule – mandating the repeal of ten existing regulations for every new one enacted – marked a radical expansion of the deregulation doctrine first introduced during Trump's initial term. This policy has not only curtailed the regulatory authority of federal agencies but also fostered uncertainty in sectors that rely on stable rulemaking, including healthcare, transportation, and energy. The enhanced oversight powers granted to the Office of Information and Regulatory Affairs (OIRA) have further enabled the federal government to reject regulations deemed economically burdensome, prioritizing short-term business interests over long-term policy consistency and social safeguards.

In terms of environmental policy, the rollback of methane emission limits, the relaxation of fuel economy standards, and the dismantling of Clean Power Plan

enforcement mechanisms represent a significant departure from global climate mitigation trends. By prioritizing fossil fuel development and weakening environmental review procedures under the National Environmental Policy Act (NEPA), the administration has effectively reduced barriers to extractive industries while diminishing federal oversight. These actions are likely to increase greenhouse gas emissions and environmental degradation, undermining the U.S.'s credibility in international climate negotiations and weakening global momentum toward sustainable energy transitions. Additionally, accelerated infrastructure approvals may compromise ecological resilience and public health, especially in communities near industrial zones.

In the financial sector, the weakening of the Consumer Financial Protection Bureau (CFPB) and the rollback of Dodd-Frank provisions have eased compliance costs for financial institutions but raised systemic risk concerns. Looser oversight of mid-sized banks, reduced transparency in derivatives markets, and diminished corporate disclosure standards may foster short-term capital growth but also increase the probability of market instability and consumer exploitation. These reforms have raised alarms among international financial regulators, particularly in the European Union, which views such deregulatory moves as potentially destabilizing for interconnected banking and investment systems.

Overall, while the deregulatory agenda is framed by the Trump administration as a strategy to boost domestic competitiveness and investment, its broader consequences suggest heightened environmental risk, weakened consumer protection, and increased economic volatility. In the long term, such policies may erode institutional trust and hinder international cooperation on financial, regulatory, and environmental standards.

Conclusion

The re-election of Donald Trump in 2024 and the subsequent implementation of his 2025 economic agenda have ushered in a decisive shift toward protectionism, deregulation, and economic nationalism in U.S. policy making. These domestic strategies – characterized by sweeping tariffs, aggressive deregulatory measures, and a rollback of multilateral trade commitments – have produced reverberating effects across the global economic landscape. The imposition of tariffs has disrupted global trade flows, strained diplomatic and economic relations with key partners such as China, and introduced significant uncertainty into global markets. The escalation of trade wars has not only affected industrial output and investor confidence but also triggered volatility in financial markets, suppressed global commodity prices, and reshaped investment patterns.

Domestically, while these measures may offer short-term gains for certain sectors, such as fossil fuels and traditional manufacturing, they come at the expense of long-term environmental sustainability, financial stability, and consumer welfare. The weakening of environmental standards and financial oversight has increased systemic risks and undermined the U.S.'s leadership in global regulatory frameworks. Moreover, the inflationary effects of tariff-induced price increases

threaten to erode purchasing power and complicate monetary policy responses both in the U.S. and abroad.

For countries like Russia, which are heavily reliant on global demand for raw materials, the secondary impacts of these policies are equally significant. Falling commodity prices and reduced export earnings, triggered by a global economic slowdown, expose such economies to heightened fiscal and monetary pressures.

To conclude, the Trump administration's 2025 economic policy underscores the extent to which unilateral domestic decisions by a major economic power can reshape international dynamics. The current trajectory raises urgent questions about the future of multilateral cooperation, the resilience of the global trading system, and the sustainability of nationalistic economic strategies in an increasingly interconnected world.

CRediT authorship contribution statement

1. Veronika A. Kotova – data collection and processing, development of the problem-solving discussion, literature review;
2. Adel A. Malikova – data collection and processing, regulatory base analysis, results description, formation of conclusions of the study.

Declaration of competing interest

The author declare that they have no conflicts of interest.

References

1. Analysis of U.S. trade policies and global economic impact // Peterson Institute for International Economics. URL: https://www.piie.com/publications/working-papers/2024/international-economic-implications-second-trump-presidency.
2. Born, B., Müller, G. J., Pfeifer, J. The macroeconomic effects of the Trump administration's policies: A narrative approach // Policy Studies Journal. 2021. № 49 (2). P. 273–295.
3. Challenges to the U.S. dollar's reserve currency status // The Times. URL: https://www.thetimes.co.uk/article/the-dollars-reign-as-the-global-reserve-currency-is-at-risk-njrqhr.
4. China's response to U.S. trade agreements and tariffs // Reuters. URL: https://www.reuters.com/world/china-opposes-any-deals-between-us-other-nations-its-expense-2025-04-21/.
5. Environmental lawyers get ready to pounce on Trump's energy deregulation moves // Reuters URL: https://www.reuters.com/sustainability/climate-energy/environmental-lawyers-get-ready-pounce-trumps-energy-deregulation-moves-2025-04-22/.
6. Ferguson N. The Square and the Tower: Networks and Power, from the Freemasons to Facebook. 1st ed. New York: Penguin Press, 2018. 592 p.

7. Firanchuk, A., Kirkegaard, J. F. Trade protectionism and supply chain disruption: Lessons from U.S. tariff policy // Journal of International Economics. 2023. № 135. P. 103–117.

8. For every new rule, Trump tells federal agencies to eliminate 10 old ones // Yahoo. URL: https://www.yahoo.com/news/every-rule-trump-tells-federal-010703608.html.

9. Global Economic Outlook & Strategy: Assessing the impact of U.S. policies // Citigroup. URL: https://www.citigroup.com/global/insights/resilient-global-growth-higher-long-term-rates-trump-2-0.

10. Global trade projections and implications of U.S. tariff policies // World Trade Organisation. URL: https://apnews.com/article/0dfd480d5cee52ff39b369b7c781695d%EE%88%86.

11. Losev A. Economic nationalism and the decline of multilateralism: An analytical review of U.S. trade policy under Trump 2.0 // Moscow Journal of Global Affairs. 2025. № 19 (1). P. 44–61.

12. Mastermind Finance // T Bank. URL: https://www.tbank.ru/invest/social/profile/MastermindFinance/a3a72d77-c685-4f02-9f85-4d41d9488ece/?author=profile.

13. Mexico Proposes US Speed Up Review of Free Trade Agreement // RIA Novosti. URL: https://ria.ru/20250404/torgovlya-2009297772.html.

14. Moore S., Laffer A. Trumponomics: Inside the America First Plan to Revive Our Economy. 1st ed. Washington, D.C.: All Points Books, 2018. 304 p.

15. New US Trade Tariffs: Why Trump Introduced Them and How They Will Affect the Global Economy // T-J. URL: https://t-j.ru/news/trump-reciprocal-tariffs/.

16. OECD Economic Outlook, Interim Report March 2025 // OECD. URL: https://www.oecd.org/en/publications/2025/03/oecd-economic-outlook-interim-report-march-2025_47a36021.html.

17. Questions and answers on ReArm Europe Plan/Readiness 2030 // European Commission. URL: https://ec.europa.eu/commission/presscorner/detail/hu/qanda_25_790.

18. The Employment Situation March 2025 // Bureau of Labor Statistics. URL: https://www.bls.gov/news.release/pdf/empsit.pdf.

19. Why Trump Rejected Global Tax Deal // RBC. URL: https://www.rbc.ru/economics/29/01/2025/6794eabb9a7947ac55c51025.

20. World Economic Outlook: Adjusted growth forecasts amid trade tensions // International Monetary Fund. URL: https://www.axios.com/2025/01/17/trump-tariffs-immigration-policies-gdp.