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WHAT TRUMP 2.0 MEANS FOR THE WORLD ECONOMY

Donald Trump’s return to the White House presents a complicated economic picture for the world that could bring a short-term global growth fueled by US fiscal stimulus alongside with higher interest rates and new tariffs on global trade partners, including China, Mexico, Canada and the European Union.

These policies are expected to impact world economy, leading to volatility in international markets and a shift in global trade towards protectionism and regional agreements. The purpose of this work is to examine how political decisions driven by individual ambitions could influence the economy.

President Trump's plan to drastically increase tariffs across the board, including a 60% tariff on all Chinese imports, 100% on imported cars and on imports from countries that stop using the dollar in their international transactions, a global minimum 20% on US imports, poses a serious danger to global trade. Such tariffs would immediately disrupt supply chains that use inputs from China, causing production delays and shortages as businesses rush to find alternative suppliers.

Though Oxford Economics anticipates a temporary rise in US GDP due to increased tariffs and government spending, which could slightly benefit global GDP, they act as a stagflationary shock for the US economy and are likely to fuel inflation and discourage the Federal Reserve from lowering interest rates. [1]

Proposed tariffs are the biggest concern, as countries facing them will likely experience an adverse demand shock due to reduced access to the US market, potentially hindering their economic growth. Due to increasing trade uncertainty, Global Macro Research have lowered Eurozone GDP forecasts by 0.2%–0.3% for 2025 and 2026 and also increased inflation forecasts by about 0.1% each year. [2]

Moreover, this US stimulus could negatively pressure emerging markets particularly those with large trade surpluses and re-exporting Chinese goods like Mexico, Malaysia, Vietnam and Korea, leading to capital outflows, currency fluctuations and higher borrowing costs, worsened by trade disruptions caused by US tariffs. To maintain stability, these emerging economies might be forced to raise their own interest rates. [2]

While advanced economies may remain relatively stable as the UK’s exports are dominated by services and less likely to see tariffs and the EU's exposure is limited mainly affecting Germany and auto manufacturers, China would likely experience a significant economic slowdown, but the disruption would be equally substantial for the United States.

The current situation resembles an emerging trade war. This conflict would have serious global economic consequences for the world economy, with trade falling by 3.4% and world GDP by 0.5% by 2030. The US would bear a significant cost, with its GDP falling by 1.3%, exports decreasing by 22.9%, and imports by 17.5%. China would also suffer, experiencing a 1.3% GDP decline and an 8.9% drop in exports, especially given the US's crucial role as a destination for 14.8% of its total exports. Furthermore, wages and returns on capital would decrease significantly for both skilled and unskilled labor.

Despite the fact that this starting trade war is slightly costly for France and Germany, it is significantly beneficial for Canada and especially Mexico with a 1.3% and 6.6% GDP gain respectively. Mexico could increase exports by over 26% due to improved access to its primary market and better import terms, as CEPII experts assume that tariffs on Canada and Mexico will remain stable under the USMCA agreement.

Experts predict that China's exports to the US will decrease by 80.5% while US exports to China will fall by 58.0%. Even more strikingly, US exports to all destinations, except countries from the USMCA, decrease by at least 20%. However, US trade with Canada and Mexico increases significantly, indicating a strong shift in trade towards its closest neighbors.

A full-blown US-China trade war would lead to their almost complete trade separation, creating significant uncertainty that would harm trade-related investments, widen trade imbalances and boost protectionism globally. However, limited retaliation by US trading partners, due to US economic power, could lessen the intensity of this trade war. [3]

Furthermore, President Trump's immigration policies, though designed to tighten the labor market, are projected to have limited initial macroeconomic impact. Current labor demand is moderate due to companies absorbing recent hires, and continued migrant inflows. Therefore, planned deportations are unlikely to significantly alter labor conditions. [4]

In summary, while a short-term stimulus effect of Trump's presidency is possible, the implementation of broad tariffs, especially against China, threatens global trade, potentially triggering economic slowdowns and market volatility. While some countries might benefit from regional shifts, the broader impact points to considerable global disruption and increased protectionism driven by individual policy choices, negatively influencing the global economy.

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EEU-ASEAN COOPERATION: BUILDING BRIDGES IN A SHIFTING GLOBAL ECONOMY

In an era of geopolitical transformation and economic realignment, cooperation between the Eurasian Economic Union (EEU) and the Association of Southeast Asian Nations (ASEAN) has emerged as a vital pathway for strengthening regional resilience and fostering sustainable growth. Established in 2015, the EEU—comprising Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia—and ASEAN, founded in 1967 with ten member states, represent two of the world's most dynamic economic blocs. Their partnership, formalized through a 2018 Memorandum of Understanding and a 2020-2025 cooperation program, seeks to unlock new opportunities in trade, energy, agriculture, and digital innovation [1].

As global supply chains evolve and traditional financial systems face scrutiny, the EEU and ASEAN are prioritizing areas such as food security, energy efficiency, and digital infrastructure. With ASEAN's rapidly expanding consumer markets and the EEU's resource-rich economies, their collaboration holds immense potential—yet challenges such as tariff barriers, logistical bottlenecks, and financial dependencies remain. This article examines the key drivers of EEU-ASEAN cooperation, from agricultural integration and energy trade to digital transformation and sustainable finance, while assessing the risks and rewards of deeper economic convergence [2].

The agricultural sector represents one of the most promising areas for EEU-ASEAN collaboration. The EEU, which complements ASEAN's need for stable food supplies amid population growth and climate challenges. For instance, Russia's wheat exports to Indonesia have grown by 24% since 2020, while Kazakhstan has increased imports of ASEAN fruits and seafood by 37%.

While reduced tariffs under preferential trade agreements could expand market access, they may also expose small-scale farmers in both regions to heightened competition. In Cambodia and Laos, where agriculture employs over 60% of the workforce, an influx of cheaper EEU grains could disrupt local markets. Conversely, ASEAN's high-value products like palm oil and tropical fruits could outcompete domestic production in EEU countries. Ensuring fair trade practices and implementing gradual tariff reductions will be crucial to mitigating these disparities.

Energy cooperation is another cornerstone of EEU-ASEAN relations. ASEAN's rapidly industrializing economies are projected to account for 60% of global energy demand growth by 2040. The EEU, particularly Russia and Kazakhstan, offers a reliable supply of oil, gas, and coal, alongside expertise in nuclear and renewable technologies.