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TENÍZ CAPITAL
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THE US TARIFFS AND CENTRAL ASIA



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The US tariffs and Central Asia

When the Trump administration quietly informed Kazakhstan's government this spring of a steep new tariff on its goods, officials in Astana were taken aback. For years, the United States had encouraged Central Asia to open up and deepen trade ties with the West; now it was slapping a 27% duty on Kazakh exports – the highest rate in the region – as part of a sweeping new tariff policy. Neighboring Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan were hit with a baseline 10% tariff on their exports. From the oil fields of the Caspian shore to the textile mills of the Fergana Valley, Central Asian businesses are anxiously assessing what these abrupt US trade barriers mean for their economic future. On 7 July 2025, President Donald Trump sent letters to several world leaders, including Kazakhstan, notifying them of new tariff rates. Kazakhstan was assigned a 25% tariff.

An Unexpected Trade Rift

President Donald Trump's return to the White House in 2025 has brought back his hard-edged **"America First"** trade agenda, with tariffs once again wielded as a blunt instrument. In early April, he announced **"reciprocal tariffs"** on imports from more than 150 countries, citing US trade deficits and foreign tariffs as justification. A universal 10% tariff on all countries' goods took effect on April 5, and dozens of nations deemed to have higher barriers against US exports were assigned steeper rates. Kazakhstan – Central Asia's largest economy – landed on a list alongside major US trade partners like India and South Korea. This rate was calculated, Mr. Trump said, as roughly half of the tariffs those countries purportedly impose on American goods. Other Central Asian states, with smaller trade volumes, received the minimum 10% levy.

The move marked a sharp departure in tone. Just a few years ago, Washington was courting the region with promises of investment and partnership. During Mr. Trump's first term, high-level visits and initiatives – including a \$1 billion US development finance pledge to Kazakhstan and Uzbekistan in 2021 – signaled renewed interest in Central Asia. Many in the region saw the US as a potential counterbalance to their giant neighbors, China and Russia. Now, that goodwill risks souring. *"The mixed signals coming from Washington may lead Central Asian leaders to re-evaluate their current trade partnerships,"* one analysis warned, noting they could see more benefit in **strengthening ties with China and Russia** than in expanding commerce with the unpredictable US (timesca.com).

Mr. Trump's tariff barrage has not explicitly targeted Central Asia's economies for political reasons – it is part of a global campaign also affecting allies like Japan and developing nations from Bosnia to Myanmar. But the collateral damage in this historically overlooked region could be significant. The **C5+1 diplomatic platform** – a US-Central Asia forum launched in 2015 – had encouraged these nations to trade more with America. Now, officials say the tariff policy *"raises significant doubts"* about the sincerity of recent US efforts to promote investment in Central Asia. Central Asian nations accustomed to practicing a delicate "multi-vector" diplomacy (balancing relations with all major powers) are left perplexed at how to respond to Washington's sudden turn toward protectionism.

Energy and Minerals Largely Spared – For Now

In Kazakhstan, the immediate economic **fallout from the tariffs appears limited** – at least on paper. Up to **92% of Kazakh exports to the US are exempt** from the new duties, according to a preliminary analysis by Kazakhstan's Trade Ministry. Crucial commodities like **crude oil, uranium, silver and ferroalloys** – which make up the bulk of Kazakhstan's US-bound trade – were deliberately left off the tariff list.



This means America's nuclear power operators can still import Kazakh uranium, and US oil refiners can buy Kazakh crude, without incurring extra costs. Only about **\$95 million** in Kazakh goods (a mere 4.8% of its exports to the US) now face surcharges, including niche products like phosphorus, ferrosilicon and specialty chemicals. "Kazakhstan has little cause for concern," a regional trade analyst noted, calling the impact more psychological than truly material (timesca.com). In 2024, Kazakhstan shipped roughly **\$2.3 billion** in goods to the US, but almost all of that was raw resources now excluded from tariffs.

Other energy-rich Central Asian nations are even less exposed. Turkmenistan, an authoritarian gas exporter that trades primarily with China, sold only **\$14.6 million** worth of goods to the United States last year. Tajikistan's exports to the US were a paltry **\$4.6 million**. Uzbekistan's direct goods exports to America – about **\$42 million** in 2024 – were also minimal in the context of its \$66 billion total trade turnover. Much of Uzbekistan's US-related trade is in services (such as IT or air transport) which **aren't subject to tariffs**. "86% of Uzbekistan's exports to the US last year were services, which fall outside the scope of the newly announced tariffs," said Mirkomil Kholboyev, an economist in Tashkent. In short, the **energy and mining sectors** that dominate Central Asian economies have largely dodged the tariff bullet in the short term.

Yet officials warn that **indirect effects** could still bite. If Mr. Trump's broader trade war slows global growth, it may **dampen commodity prices** – hurting Central Asia's oil, gas and metals revenues. A US-China tariff escalation, for example, could curtail Chinese industrial demand, lowering prices for Kazakh copper or Uzbek cotton on world markets. "The US tariff policy could lead to a slowdown in global economic growth... A slowdown would naturally reduce demand for goods," Mr. Kholboyev noted, cautioning that Uzbekistan's key trading partners – China, Turkey and its Central Asian neighbors – might import less if their economies cool. On the other hand, uncertainty has driven **gold prices** to historic highs, which benefits gold exporters like Uzbekistan (one of the world's top gold producers). Central Asian energy executives also remain wary that *today's exemptions might not be permanent*. **Oil and uranium** were spared this round, perhaps because the US itself needs these imports. But if the White House expands its tariff list or uses other trade levers, even strategic resources could be targeted in future negotiations – a prospect causing unease in Astana and Tashkent.

There is a touch of irony in Washington's stance. The US has been trying to reduce its dependence on Chinese supply chains for critical minerals – and sees Central Asia as a potential alternative source for **rare earth elements, lithium and other strategic metals**. A US Geological Survey identified **hundreds of rare-earth and rare-metal deposits** across Kazakhstan, Uzbekistan and their neighbors. American officials have floated partnerships to tap these riches for US tech and defense needs. Now, by throwing up tariff walls, the Trump administration risks complicating cooperation in the very sectors (energy and minerals) where it once sought Central Asian help. "It's a contradictory policy," one European diplomat observed. "They want Central Asia's oil and lithium, but they're also alienating the region with tariff barriers".

Textiles and Agriculture Feel the Pinch

If oil and copper keep flowing for now, the mood will be more downbeat in Central Asia's **light industry and agriculture** sectors. In Tashkent's emerging textile mills and Bishkek's sewing factories, hopes of breaking into the US market have dimmed. **Uzbekistan**, once isolated from Western markets due to past labor abuses in its cotton fields, had been gradually **reinventing itself as a textile exporter** after reforms. Uzbek cotton is no longer globally boycotted, and local manufacturers envisioned selling garments and linens abroad – perhaps even to US retailers. Those ambitions now face a setback. A flat 10% tariff makes Uzbek cotton fiber and finished clothing **less competitive** in the United States, squeezing the narrow margins of an industry still finding its footing. While Uzbekistan's direct goods exports to the US were small, officials saw room to grow in niches like organic textiles and luxury dried fruits. "This will hurt our industry badly," one Central Asian exporter said of the tariffs, noting that even a 10% price hike can close doors in demanding markets.

Kyrgyzstan's **garment industry**, which employs thousands producing apparel for Russia and Kazakhstan, had similarly been eyeing diversification. A few Kyrgyz workshops had begun contract manufacturing for European and American brands in recent years. Now, any nascent **US orders for Central Asian textiles may evaporate**, redirected to tariff-free suppliers elsewhere.



A trade representative from Bishkek described the tariff news as *“disheartening, just when we were making inroads.”* The sentiment is echoed in the region’s **agricultural sector**. Central Asia is a major grower of **cotton, wheat, and fruits**, but those commodities typically flow to regional markets (South Asia, China, Russia) rather than the distant United States. Still, niche products had found US buyers – Tajikistan’s dried apricots and Kyrgyzstan’s wild honey, for instance, have developed cult followings among health food importers. Now even those modest export streams face an extra tax, possibly pricing them out of reach. Farmers and traders worry that Mr. Trump’s policy, if prolonged, will **shut the door to future growth** in agricultural trade with America, however small it currently is.

Paradoxically, the tariffs arrive just as Central Asian governments have been striving to **diversify their economies beyond raw materials**. Kazakhstan and Uzbekistan are investing heavily in processing industries – from textiles to fertilizer – to move up the value chain. The US supported some of these efforts through aid and trade preference programs. For example, American officials helped Uzbekistan prepare for **WTO accession and a bilateral Trade and Investment Framework Agreement**, aiming to normalize trade relations. Now, entrepreneurs in Tashkent fear the rug has been pulled out. *“The timing couldn’t be worse,”* says a Western business consultant who works in Central Asia. *“The US spent years encouraging these countries to open up and export higher-value products. These tariffs send the opposite message.”*

Central Asia’s Response: Diplomacy and Diversification

Caught off guard by the US measures, Central Asian leaders are responding with a mix of **diplomacy and hedging**. Kazakhstan’s government has **formally initiated consultations with Washington** over the tariffs, hoping to negotiate relief. As a member of the World Trade Organization, Kazakhstan has reminded the US of its commitment to “open and non-discriminatory trade”, even as it seeks an exemption. Uzbek trade officials, while publicly muted, have quietly reached out to US counterparts to clarify the policy’s scope. They are keen to ensure that **services exports** – such as Uzbekistan’s growing IT outsourcing sector – remain untouched by any broader trade spat. Thus far, the Trump administration’s message has been uncompromising. In July, President Trump bluntly warned that any nation *“aligning themselves with the anti-American policies of BRICS will be charged an additional 10% tariff”*, a reference that certainly got Central Asian attention. Both **Kazakhstan and Uzbekistan** have been courting closer ties with the BRICS bloc led by China and Russia, even participating as guests at recent summits. The implication was clear: **lean too far East, and risk economic punishment**.

Such threats underscore the increasingly **geopolitical undercurrents** of what might seem a purely trade dispute. Central Asian governments have so far trod carefully, avoiding any fiery anti-tariff rhetoric. Instead, they are doubling down on their trademark **multi-vector strategy** – seeking **new partners and agreements** to offset any loss of US access. In early April, just days after Mr. Trump’s tariff proclamation, the **European Union convened a historic summit in Samarkand, Uzbekistan**, with all five Central Asian presidents present. The EU promised investments in infrastructure and green energy as part of its new “Global Gateway” initiative, positioning itself as a **reliable economic partner** for the region. *“These tariffs may offer market opportunities for the EU,”* analysts at a London-based institute observed, noting Europe’s interest in Central Asia’s raw materials for its own industries. Indeed, European companies have been quick to explore alternatives: German industrial firms, wary of US import taxes on European goods, are in talks to source more **copper, uranium and rare minerals** from Kazakhstan and Uzbekistan, according to officials, potentially strengthening **EU–Central Asia trade** links in response to the US trade war.

Central Asian nations are also looking to each other. The tariff shock has given **renewed impetus to regional cooperation** projects that reduce reliance on long-distance trade. In March, Uzbekistan, Kazakhstan and Kyrgyzstan inked a trilateral deal to simplify border commerce and jointly develop cross-border energy grids. Such initiatives, long discussed, have gained urgency as global markets turn volatile. *“Trump’s policy is likely to encourage continued regional infrastructural cooperation,”* says Ranson Lo, an analyst focused on Eurasia. If Central Asia can trade more easily within its own neighborhood – for example, shipping **Kazakh wheat to Uzbek mills, or Tajik electricity to southern Kazakhstan** – it will be better insulated from external trade disruptions. In the short run, the new US tariffs are unlikely to cause severe pain in Central Asia. But they have rattled policymakers’ confidence in far-flung partners, reinforcing a mindset of self-reliance and regional integration.



China and Russia: Filling the Void

As the United States raises barriers, **China and Russia** are poised to capitalize on Central Asia's search for stable partners. Beijing stands to **reinforce its dominance** as the region's investor and customer. China is already Central Asia's largest trading partner, accounting for nearly 40% of the region's foreign trade by some estimates. Its mammoth **Belt and Road Initiative** has built railroads, pipelines and logistics hubs tying Central Asian producers directly to Chinese markets. Now, Chinese officials are eagerly courting Central Asian leaders with promises of even deeper trade ties – and pointed contrasts to Washington's approach. *"Trade wars and tariff wars have no winners. Protectionism will lead nowhere,"* a Chinese foreign ministry spokesperson remarked in response to Mr. Trump's latest moves. In early July, as US tariffs were set to snap back on Chinese goods, **China's Premier met with Kazakhstan's prime minister** to assure him that Chinese demand for Kazakh oil and metals would remain robust, according to state media reports. Across the region, China is expanding currency swap lines and financing to facilitate trade in local currencies, lessening dependence on the US dollar system – a trend that US tariffs may only accelerate.

Moscow, too, has leaned into the opportunity. Russia has historically been Central Asia's political patron and a key market (especially for countries like **Kyrgyzstan and Tajikistan**, which send the bulk of their exports and labor migrants to Russia). The Kremlin has cast the US tariffs as a vindication of its own regional integration efforts. Through the Eurasian Economic Union – a Russia-led customs union that includes Kazakhstan and Kyrgyzstan – Moscow is urging members to **trade more within the bloc** and rely on **common external tariffs** (which effectively shield members from sudden bilateral trade measures by outside powers). Russian officials have publicly brushed off Mr. Trump's threats against BRICS nations as irrelevant. But behind closed doors, analysts say, the message to Central Asian elites is clear: *America cannot be counted on, whereas Russia remains a consistent partner.* Already, some signs of shifting alignment are visible. Kazakhstan, for instance, announced it will **increase oil exports to neighboring Russia** this year – a move seen as hedging bets as US relations turn unpredictable. Uzbekistan is deepening talks on **free trade agreements with the Eurasian bloc** after years of hesitation, partly out of concern that its goods might otherwise face barriers in both East and West.

In the grand geopolitical chess match, the tariff dispute is nudging Central Asia further into the embrace of the **Sino-Russian axis**. This is an unintended consequence the US may come to regret. Washington's goal in engaging Central Asia was to offer these post-Soviet republics alternatives to dependence on Moscow and Beijing. Instead, by enacting tariffs that undermine nascent trade links, the US is **undercutting its own influence**. *"Trump's tariffs could end up reinforcing China's dominant role in the region, contrary to Washington's policy aims,"* observers at the Bloomsbury Institute wrote in a recent report. In effect, Central Asia's economic alignment may be **reshaped** – tilting more decisively toward Asia – if American markets remain difficult to access. Beijing and Moscow have seized on the moment with strategic glee: both have stepped up high-level visits to Central Asian capitals since the tariff announcement, each portraying themselves as reliable friends in times of economic uncertainty.

A Turning Point for the Region's Economic Future

As Central Asia absorbs this trade upheaval, a broader **realignment of economic diplomacy** is unfolding. The US tariffs, though blunt and broad-based, have delivered a clear message that hasn't been lost on anyone from government ministers to factory owners: America is prioritizing its immediate economic interests, even at the expense of partners, and engagement with the region could be subject to abrupt reversal. In response, Central Asian states are recalibrating. They are pursuing a **"multi-vector" reset**, strengthening ties with whoever is open for business – whether that means **intensifying trade with Asian giants**, seeking out Middle Eastern and South Asian markets, or inviting **European investment** to replace American capital.

Importantly, local leaders are not treating the situation purely as a setback; many see it as a stimulus to increase self-reliance. *"Rather than waiting for Washington, Central Asian governments should seize the initiative,"* argues Alouddin Komilov, a foreign policy expert, noting that the region can use this moment to chart its own course. There is talk in regional business forums of **forming new trade corridors** – for instance, linking Uzbekistan's rail network through Turkmenistan to Iranian ports, creating a route to South Asia and the Middle East that bypasses unpredictable Western markets.



Others suggest fast-tracking integration with initiatives like India's **Chabahar Port project**, which aims to connect Central Asia to the Indian Ocean via Iran. These strategies, once on the periphery of economic plans, are gaining traction now that the US appears less dependable as a trading partner.

Whether Mr. Trump's hardball tariffs ultimately achieve his goals is an open question. Economists note that America's trade deficits stem from deep-seated factors – "there is no economic rationale" that punishing smaller nations will miraculously cure the imbalance, one expert told the BBC. In the meantime, the **geopolitical implications** are already materializing in Central Asia. The region sits at the crossroads of great power competition, and shifts in trade policy can tip the balance of influence. If US–Central Asia trade, never very large to begin with, continues to stagnate or shrink under the weight of tariffs, Washington's leverage and appeal in these countries will shrink with it.

For now, Central Asian leaders are maintaining a **neutral, pragmatic tone** in public – careful not to burn bridges with the United States, but equally candid about pursuing other options. "*We are not anti-American,*" a *Kazakh diplomat insisted at a recent economic conference, "but we must do what is best for our national interest."* That interest, officials say, lies in **robust trade and diversified partnerships** wherever they can be found. If the tariff saga has a silver lining, it is that Central Asia may come out more economically resilient and connected to its neighborhood than before, less seduced by distant promises.

As one veteran observer put it, Central Asia has been here before. For centuries, these Silk Road nations navigated shifting empires by staying flexible and open to all comers. In the 21st century, they are doing much the same. **The new US tariffs may sting**, but they are unlikely to isolate Central Asia. Instead, they are pushing it into new alliances and affirming an old lesson: when one road closes, savvy traders will find another route forward.





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