ACG ANALYTICS

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Politics

Trump’s Industrial Policy Is Taking Shape

Issue

Since returning to office, President Trump has issued a flurry of Executive Orders (EOs), launched multiple Section 232 investigations, restructured tariff schedules, reoriented Federal financing tools, and ordered accelerated permitting across a wide range of sectors. While each move has triggered industry-specific realignments, together they form a deliberate and fast-moving industrial policy strategy aimed at securing supply chains and revitalizing domestic manufacturing in sectors deemed critical to national security and economic resilience.

Impact

Whether this strategy yields durable outcomes will depend on coordinated interagency execution, legislative backing, and sustained private-sector participation. The Administration invokes emergency authorities and leverages a variety of executive tools to restructure the industrial base around strategic priorities.

Automobiles: Nearly half of all vehicles sold in the U.S. are assembled abroad, and even domestically assembled cars typically contain 30-70% foreign-sourced parts, according to the National Highway Traffic Safety Administration (NHTSA). In 2024, General Motors (GM), Ford, and Stellantis assembled 25% to 40% of their U.S. sales volume in Mexico or Canada. In April and May, the Administration imposed 25% tariffs on imported autos and auto parts to push automakers to localize assembly and sourcing. There were carveouts put in place for United States-Mexico-Canada (USMCA) free trade agreement compliant autos that utilize U.S. content, meaning that the value of the non-U.S. content would be taxed the 25% duty. While USMCA compliant auto parts are currently exempt from the tariffs, the Commerce Department and Customs and Border Protection (CBP) are working to implement a process for applying tariffs to the non-U.S. content of these goods. Adding to this, steel and aluminum tariffs were doubled to 50% on June 4th. In response, GM announced a $4 billion investment to reshore production of the Chevrolet Blazer and Equinox from Mexico to plants in Tennessee and Kansas by 2027 to defray up to $5 billion in tariff-related costs annually.

Pharmaceuticals: Over 77% of pharmaceutical ingredients used in the U.S. are manufactured overseas, with India and China supplying 48% and 13% of active pharmaceutical ingredients (APIs) in U.S. medicines, respectively. The COVID-19 pandemic exposed deep vulnerabilities in these supply chains, prompting renewed government focus on pharmaceutical resilience. On May 12th, the Trump Administration reinstated the "*most favored nation*" (MFN) pricing model, requiring U.S. drug prices match the lowest rate offered in comparable developed markets or face retaliatory tariffs. Section 232 investigations into pharmaceutical supply chain vulnerabilities are underway, with a focus on active pharmaceutical ingredients sourced from China and India.

Nuclear Energy: As the artificial intelligence (AI) boom drives up electricity demand—data centers alone are projected to consume up to 12% of U.S. power by 2028, up from 4.4% in 2023—nuclear energy is gaining renewed strategic relevance. Goldman Sachs forecasts a 160% surge in energy demand from AI workloads by 2030. To power this and broader industrial and defense needs, the May 23rd Executive Orders, as ACGA noted previously, declared nuclear power essential to industrial and defense policy, tasking the Army with deploying advanced reactors—including small modular reactors (SMRs) and mobile microreactors—across military and Federal sites. The Department of Energy's (DOE) Loan Programs Office (LPO) has begun reallocating funds toward nuclear projects, with a focus on commercial-scale SMR deployment and licensing support for next-generation technologies. Congressional Republicans are

working to expand production and investment tax credits for nuclear under "*The One Big Beautiful Bill Act*."

Critical Minerals: The U.S. remains 100% import-dependent for 12 of the 50 critical minerals and over 50% for an additional 29, while China dominates processing capacity for rare earth elements, lithium, and graphite—key materials for defense systems, semiconductors, and advanced manufacturing. In recent months, Beijing has repeatedly used its dominance as leverage, imposing export license restrictions on rare earths, gallium, and graphite. Although China provisionally resumed rare earth shipments on Saturday following direct talks between Xi and Trump, the episode reinforced the risks of concentrated supply chains.

To counter this dependence and boost domestic capacity, a March 20th EO expanded the definition of "*critical minerals*" to include copper, uranium, potash, and gold, and ordered fast-tracked permitting on Federal lands, activating *The Defense Production Act* (DPA) financing tools and prioritizing mineral infrastructure across the DOE, Export-Import Bank (EXIM), and U.S. International Development Finance Corporation (DFC) lending portfolios. An April 24th EO directed accelerated seabed and offshore mining within U.S. and international waters, reviving *The Deep Seabed Hard Mineral Resources Act* (DSHMRA) and bypassing the United Nation's (UN) seabed mining authority. Another April EO launched a Section 232 investigation into processed critical minerals and derivatives such as electric vehicle (EV) batteries and rare earth magnets, aiming to realign trade flows and reshore midstream capacity. Legislative efforts—such as "*The Finding ORE Act*" and "*The Securing America's Critical Minerals Supply Act*"—may bolster executive actions with targeted mandates and funding streams.

Maritime and Heavy Manufacturing: China produces over 1,000 ocean-going vessels annually—compared to fewer than 10 in the U.S.—and controls 19% of the global commercial fleet, largely through state-subsidized shipbuilding and restricted foreign market access. A February Section 301 investigation by the Office of the United States Trade Representative (USTR) concluded that China's maritime dominance poses economic and national security risks. In response, an April 9th EO launched the Maritime Security Trust Fund for domestic shipbuilding and port infrastructure and directed the Office of Strategic Capital to target maritime industrial base investments. Congress has reintroduced the bipartisan "*SHIPS for America Act*," which aims to complement executive action with workforce development and procurement reforms.

Next Steps

Congressional engagement remains uneven. While some lawmakers are backing sector-specific tax credit expansions, others have raised concerns about rising consumer prices and executive overreach. Senate Finance Committee Ranking Member Ron Wyden (D-OR) criticized the Administration's use of the *The International Emergency Economic Powers Act* (IEEPA) to impose tariffs, calling it an abuse of emergency powers and stating that "*Congress never intended* [IEEPA] *to be a blank check to tax everything Americans buy*." Together with Senate Budget Committee Ranking Member Jeff Merkley (D-OR), Senate Foreign Relations Committee Ranking Member Jeanne Shaheen (D-NH), and Senate Minority Leader Chuck Schumer (D-NY), Wyden led a group of lawmakers in filing an amicus brief in *The State of Oregon v. United States Department of Homeland Security* (DHS), arguing that the tariffs harm small businesses, undercut Congressional authority over trade, and undermine U.S. alliances by targeting treaty allies.

Early indicators of implementation effectiveness will emerge over the next several months. Key test cases include efforts to expedite licensing timelines for advanced nuclear reactors without compromising safety; leasing and environmental reviews for seabed mining, which may face legal and diplomatic friction with allies supporting the UN seabed governance framework; and market responses to tariffs and tax incentives. The Administration is aiming for visible progress ahead of the fiscal year (FY) 2026 budget cycle, but much will depend on how quickly agencies can implement directives—and whether private capital responds favorably to the White House's policy vision and incentive structure.

More Information Below

The Administration's industrial push is generating an accelerated wave of private-sector responses. In nuclear energy, Westinghouse is negotiating to deliver 10 AP1000 reactors under an expedited 18-month licensing track. While the Gen III+ AP1000 is not classified as "*advanced*" under DOE's Advanced Reactor Demonstration Program (ARDP), it remains a cornerstone of the near-term buildout. NuScale's VOYGR design—the only SMR certified by the Nuclear Regulatory Commission (NRC)—secured new private capital and advanced early site work on its Utah-based Carbon Free Power Project in May.

Meanwhile, X-energy's Xe-100 high-temperature gas reactor (HTGR), also supported by ARDP, reached a key milestone in May when the NRC docketed an application from the material sciences corporation Dow to construct the 1st industrial-scale advanced reactor at its chemical facility in Seadrift, Texas.

Developed through Dow's subsidiary Long Mott Energy, the project will deploy 4 Xe-100 units to supply electricity and process heat for the company's chemical manufacturing operations. To support this deployment, X-energy's fuel subsidiary TRISO-X received the 1st tranche of High-Assay Low-Enriched Uranium (HALEU) from DOE in April—along with 4 other nuclear developers. The HALEU will be used to fabricate TRISO particle fuel—widely regarded as the most robust nuclear fuel available—for the Xe-100 reactors at Seadrift. Fuel production will take place at TRISO-X's commercial-scale fabrication facility in Oak Ridge, Tennessee, which is scheduled to complete site development by mid-2025.

Tech companies are turning to nuclear to power cloud infrastructure. Amazon Web Services (AWS) signed a long-term deal with Talen Energy for up to 1,920 megawatts from its Susquehanna plant in Pennsylvania, with plans to explore SMRs on-site.

In mining, The Metals Company (TMC USA) filed the first-ever U.S. commercial-deep-sea-mining permit under the revived *Deep Seabed Hard Mineral Resources Act* from 1980 in April, covering a 25,160 km^2 area in the Clarion-Clipperton Zone (CCZ). TMC's permit is designed to leverage fast-track provisions to bypass International Seabed Authority (ISA) oversight—though critics warn this may provoke diplomatic tensions. Onshore, Rio Tinto, and BHP's Resolution Copper project earned FAST-41 status in April, expediting Federal permitting well ahead of expectations. This week, Signal Peak Energy won approval to expand its Bull Mountains coal mine in Montana through a compressed 28-day emergency environmental review—extending mine life by up to 9 years. Environmental groups have strongly objected to the expedited process.

While the policy trajectory has sparked positive momentum—particularly where financing and permitting have been accelerated—firms continue to navigate significant uncertainty. Trump's EOs and tariffs are reshaping the industrial landscape, but concerns remain over legal risk, environmental and safety standards, and diplomatic fallout caused by unilateral actions, particularly in globally interdependent sectors.

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