

Marubeni Washington Report**President Trump Starts His Second Term****Policy Implications from Day One**

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- On the first day of the Trump administration , many policies were announced, including the signing of 26 executive orders, the most in history. Regarding tariffs, the "America First Trade Policy" ordered various investigations and reports aimed at correcting unfair and unbalanced trade, but the increase in tariffs on the first day was postponed.
- On immigration policy , Trump issued several executive orders on the first day of his term to secure the border and realize his pledge to "deport illegal immigrants, the largest number in U.S. history." The executive orders are divided into four categories: border measures, domestic measures, foreign policy, and legal immigration reform. All of them may face legal and financial challenges.
- Regarding energy policy, the government announced the temporary suspension of expenditures of funds budgeted for IRA etc., the repeal of the "EV mandate" of the previous Biden administration, the promotion of production and refining of important minerals such as rare earths, and withdrawal from the Paris Agreement. Any future revisions will require careful examination and consideration of the trends of the review councils of ministries and agencies.

Republican Donald Trump was inaugurated as the 47th president of the United States at noon on the 20th. Although there were many celebratory events on the first day, many policies were announced, including the signing of 26 executive orders, the most in history. The content of these orders was wide-ranging, but here we will look at the priorities and future direction of the Trump administration in the areas of trade, immigration, and energy, which are expected to attract particular attention and have the greatest impact.

1. Trade policy

Tariffs have long been a policy area that President Trump has been very keen on, and expanding the application of tariffs was one of his main campaign pledges in this election campaign. In addition, since a large part of the policy is within the scope of presidential authority, any action taken by him has been anticipated since the first day of his administration. In his inaugural address, he declared that he would review the trade system to protect American workers and families, and repeated his statement from a week earlier that he would establish the Foreign Revenue Service. However, although a

presidential order titled " [America First Trade Policy](#) " was announced, the government decided not to raise tariffs from the first day of his administration.

The opening of the executive order emphasizes the pursuit of the interests of the U.S. economy, labor, and security, and the contents of the order order the relevant government agencies to conduct various investigations and reports to correct unfair and unbalanced trade. For example, the Secretary of Commerce is instructed to report on the causes of the huge and persistent goods trade deficit, the economic and security risks caused by the trade deficit, and measures to correct trade imbalances, while the Secretary of the Treasury is instructed to report on the feasibility of establishing an External Revenue Service and measures to be taken in the event of suspected currency manipulation by trading partners. The Office of the United States Trade Representative (USTR) is asked to review unfair trade practices of other countries and measures to address them, review all trade agreements including the WTO, and compile a list of countries with which bilateral and sectoral trade negotiations are possible. In addition, the order begins public consultations in the country regarding the United States-Mexico-Canada Agreement (USMCA) and orders an analysis of the impact on U.S. workers and the operation of the agreement. Other topics included in the agreement include policies regarding the application of anti-dumping duties (AD) and countervailing duties (CVD), the reduction in tax revenue due to the use of de minimis provisions when the declared value of imported goods is less than \$800 , the risk of illegal drugs entering the country, and ensuring that U.S. citizens and companies are not subject to discriminatory tax systems.

A separate item is set up for China. The survey covers a reexamination of the implementation status of the trade agreement between the United States and China concluded in the first term and appropriate countermeasures based on the results of the survey, proposals for additional tariffs necessary as measures against supply chains and circumvention of exports via third countries, a review of the Permanent Normal Trading Relations (PNTR) , and a reexamination of infringement of intellectual property rights. The executive order also includes a review of trade relations with an awareness of economic security. Specifically, it is expected that domestic industries and manufacturing industries will be reviewed from the perspective of the economy and security, and the need for import adjustments will be considered. In addition, the survey covers the effectiveness of import restrictions on steel and aluminum, strengthening of export regulations to prevent technology transfer overseas, expansion of the scope of information and communications technology and services (ICTS) such as connected cars , reexamination of foreign

investment regulations, and prevention of illegal immigration and drug inflows from Canada, Mexico, and China. The deadline for reporting on most items is April 1st. The executive order protects the interests of workers based on the America First principle, while setting various goals such as reviving manufacturing, increasing tax revenue, restricting illegal immigration and drugs, and strengthening security. The postponement of the tariff hike may be due to the emphasis on the economy, but there are also areas where the policy has not been solidified due to the complex intertwining of goals, and a sense of uncertainty remains. On the other hand, the executive order does not name any countries other than Canada, Mexico, and China, and there is a grace period of more than two months until the reports of each investigation ordered by the president are released. In response to a question from a reporter, President Trump also mentioned raising tariffs on Canada and Mexico from February 1, but it is expected that trading partners will try to minimize the negative impact of the tariffs through negotiations with the new administration in the future.

2. Immigration policy

President Trump has pledged to secure the border and realize "the largest illegal immigrant deportation in the history of the United States," and has issued several executive orders as part of his "Day One" policy to achieve this . The president has shown an aggressive attitude toward pursuing this goal, backed by the " legitimacy " he gained from the election . According to a 2024 poll, about 55% of Americans want to reduce immigration, a significant increase from 44% in 2023. ¹In addition, Democrats have also shown a tendency to accept the strict border control measures promoted by the Republican Party over the past year, and addressing the immigration issue has come to be recognized as an important issue across party lines. However, Trump's aides have recently been trying to adjust expectations with Republican lawmakers, taking into account the financial and legal challenges associated with the introduction of a series of immigration policies. For this reason, the possibility of a discrepancy between campaign promises and actual policies and the public's evaluation of them will be the focus of attention in the future. The series of executive orders on immigration policy are classified into four categories: border measures, domestic measures, foreign policy, and legal immigration system reform.

(1) Border measures

¹ A Gallup [poll shows](#) this figure has exceeded 50% for the first time in 19 years.

Policies regarding border control and illegal immigration control in the United States include the construction of physical barriers, including the familiar "border wall" from his first term, the construction of new detention facilities, and the development of border infrastructure using the U.S. military. These measures are aimed at preventing illegal immigrants from crossing the border. In addition, the suspension of the United States Refugee Admissions Program (USRAP) is under discussion, and is scheduled to be suspended for four months from January 27, 2023. The "Remain in Mexico" policy, which requires asylum applicants to the United States to wait in Mexico during the review period, has also been resumed. The resumption of deportations of immigrants under the "Title 42" policy, which aims to prevent the spread of infectious diseases, is also being considered as part of the "Day One Policy," but has not been realized at this time. In addition, the "Executive Order to Protect the United States from International Terrorists and Other Threats to National Security and Public Safety" includes a policy of strengthening the screening standards for visa applicants from certain countries as part of anti-terrorism measures. The policy of restricting entry from certain regions and countries is reminiscent of the travel ban on seven Middle Eastern and African countries issued during the first term of the Trump administration.

(2) Domestic measures

The Trump administration's "Day One" policy includes a directive to the Secretary of Homeland Security to use existing legal authority to expedite the deportation of recent illegal immigrants and those with serious criminal records. According to sources, the U.S. Immigration and Customs Enforcement (ICE) will soon conduct its first raids in Chicago, followed by similar actions in New York and Miami. In addition, Boston and other "sanctuary cities" (areas that are tolerant of illegal immigrants) are expected to be a primary target.

(3) Foreign Policy

The Executive Order to Designate Cartels and Other Organizations as Foreign Terrorist Organizations and Specially Designated Global Terrorist Organizations aims to strengthen legal measures against certain drug cartels and gangs by designating them as terrorist organizations. By designating these groups as Foreign Terrorist Organizations (FTOs) and Specially Designated Global Terrorist Organizations (SDGTs), the U.S. government has the authority to prosecute individuals who support these groups for supporting terrorism. Trump administration officials have also indicated his intention to send U.S. troops to

Mexico to combat drug cartels. Although Congress has not yet approved an Authorization for Military Force (AUMF) against FTOs, the previous administration used an existing AUMF to justify the assassination of General Qasem Soleimani of the Islamic Revolutionary Guard Corps (IRGC). In addition, the current administration plans to use the Alien Enemies Act of 1798 to deport terrorist-related individuals.

(4) Legal Immigration Reform

President Trump has previously pledged to abolish birthright citizenship, and issued an executive order to achieve this as part of his "Day One" policy. This policy aims to abolish the system under the 14th Amendment to the Constitution that automatically grants citizenship to those born in the United States, regardless of their parents' immigration status. However, experts generally believe that changing birthright citizenship through an executive order is unconstitutional because it conflicts with the citizenship clause of the 14th Amendment to the Constitution. For this reason, a legal battle over the executive order is expected.

All of these policies could face legal and funding challenges. In addition to the legal battles over the abolition of birthright citizenship, there is also the need for judicial review of the criteria and evidence required to designate certain organizations as FTOs, as well as Congressional approval to secure funding to implement these policies. Additionally, the deployment of troops domestically could violate the Posse Comitato Act, a federal law that prohibits the U.S. military from engaging in law enforcement or policing activities in the country, and litigation is also expected on this front.

3. Energy-related issues

The following energy-related executive orders have been issued by President Trump since he took office:

Presidential Order Name	Main Contents
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Unleashing American Energy	<ul style="list-style-type: none"> ➤ Incentivizing fossil fuel drilling on federal lands ➤ Encourage the production/refining of non-fuel minerals, including rare earths ➤ Abolition of the "EV mandate" (relaxation of fuel economy/emissions regulations) ➤ Deregulation of electric lights, gas stoves, and other home appliances ➤ Deregulation of crude oil/natural gas/coal/hydroelectric/biofuels/critical minerals/nuclear energy ➤ Review of environmental assessment methods and elimination of GHG social costs ➤ Suspending Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) funding (especially related to EV chargers) ➤ Accelerating LNG export terminal approval process
a National Energy Emergency	<ul style="list-style-type: none"> ➤ Promoting the approval and licensing of energy production (relaxation of regulations on water sources and endangered species) ➤ Consideration of allowing year-round sales of E15 gasoline (gasoline containing 15% ethanol) ➤ Securing energy for military use
Putting America First in International Environmental Agreements	<ul style="list-style-type: none"> ➤ Instructs the withdrawal from any commitments or agreements under the Paris Agreement and the UNFCCC ➤ Repeal and freeze the US International Climate Finance Plan
others	<ul style="list-style-type: none"> ➤ Suspension of new and renewed wind power permits ➤ Promoting LNG development in Alaska

is the suspension of funds allocated by ²the IRA and IIJA, as instructed in "Freeing America's Energy." The target is all IRA and IIJA budgets, but the executive order names two electric vehicle (EV) charger programs, and spending cannot be made until approval is given by the Director of the Office of Management and Budget (Russell Vought) and the Assistant Secretary for Economic Affairs (Kevin Hassett). Since this executive order suspends "spending of funds," EV tax credits and corporate tax credits may not be affected at this time, but loan programs under the jurisdiction of the Department of Energy may be affected. Relevant government ministries and agencies are required to review the funds within 90 days and report whether they are in line with the Trump administration's policies. Under the current system, government ministries and agencies cannot nullify budgets imposed by law, but the Trump administration and Republicans are aiming to nullify budgets by amending the law, etc.

² The National Electric Vehicle Infrastructure Formula Program, which was extended through FY2026 by the BIL (\$1 billion per year from FY22 to FY26), and the Charging and Fueling Infrastructure Discretionary Grant Program, which was newly established by the same act (\$2.5 billion over five years).

The next thing to watch is the repeal of the "EV mandate." The former Biden administration did not issue a formal "EV mandate," but it did raise the fuel efficiency and exhaust gas standards for automobiles to a level that could only be achieved by producing a substantial number of EVs. Although the executive order does not mention specific regulations, it instructs each ministry and agency to review regulations that limit consumer choice and distort the market in favor of EVs and disadvantageous to gasoline vehicles. With California in mind, it also called for the abolition of subsidies that favor EVs and systems that ban gasoline vehicles. Tesla, run by Elon Musk, earns about 20% of its profits from fuel efficiency credits, and attention is focused on how Musk will affect the review of these regulations.

In addition to fossil fuels, there was also a prominent idea of promoting the production and refining of important minerals such as rare earths. It appears that the current situation of dependence on foreign countries for important minerals, despite their military necessity, is a major problem. Although withdrawal from the Paris Agreement was expected, the United States did not go as far as to withdraw from the United Nations Framework Convention on Climate Change (UNFCCC) itself. There has been strong demand from farmers for many years for the year-round sale of 15% ethanol-blended gasoline (E15) , and a system for year-round sales was established in the first term, but it was abolished in 2021 after a lawsuit was filed by the oil refining industry. This presidential order also instructs the Environmental Protection Agency and others to consider allowing year-round sales, but it does not immediately make year-round sales possible.

This presidential order instructs each government agency to review current regulations and the funding of the IRA and IIJA. The specific details of the review will depend on the results of the agency's reviews, and Congress will need to consider whether the laws and regulations themselves should be amended or repealed.

End

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