

New Congress, New President: Your Government and Manufacturing

Presented by
Policy Resolution Group at Bracewell
Inside the Beltway Solutions
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Inside Beltway



- Wash, D.C.-based non-partisan lobbying, strategic consulting, industry research firm
- Develop strategies to navigate complexity of public policy to make informed decisions
- Represent clients before the White House, federal departments and agencies, the U.S. Congress, and other government and industry organizations

Policy Resolution Group



- Wash, D.C.-based public affairs & strategic communications consultants
- Promote U.S. manufacturing in print, digital and other media
- Design and implement coordinated strategic communications strategy
- Representing metalworking industry since 2003

Day 45 of the Trump Administration



Enjoying the Ride?

Tariffs and Trade

“The most beautiful word in the dictionary is tariff”

President-elect Donald J. Trump

October 15, 2024



Matthew Tkachuk of Team USA fights with Brandon Hagel of Team Canada during a game Saturday. Photo: Minas Panagiotakis/Getty Images

Three Tariff Buckets – Where do they Fall?



Trump Part II: 45 Days in Trade

Day 1: Directed agencies to review trade

Day 12: Announced 25% tariffs on Mexico, Canada

Day 15: Imposed additional 10% tariffs on China

Day 21: Announced 25% tariffs on all steel, aluminum

Day 24: Announced reciprocal tariffs on...everyone

Day 37: Launched 232 investigation into copper

Day 43: Imposed 25% tariffs on Canada, Mexico; 10% on PRC



Tariffs on Canada, Mexico, China

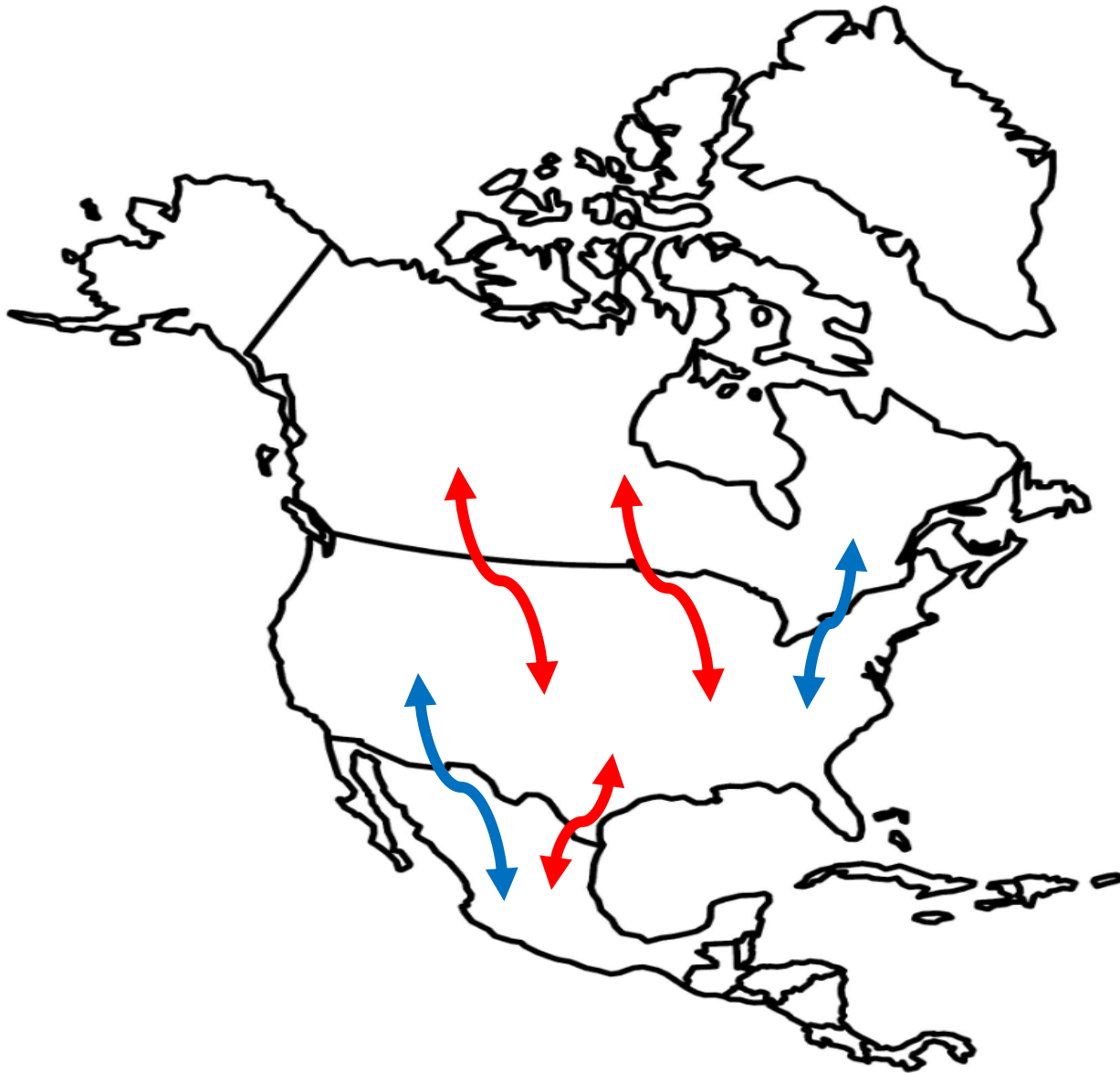
- Who:** Canada, Mexico, China (PRC)
- What:** 25% tariff on all imports from Mexico, Canada
10% tariff on energy imports from Canada
10% tariff on aluminum, zinc, magnesium, nickel
20% additional tariff on imports from China
- When:** Feb 4 12:01am China additional 10% on all imports
March 4 – 25% Canada, Mexico; additional 10% on PRC
- Why:** “threat posed by illegal aliens and drugs, including deadly fentanyl;”
- How:** International Emergency Economic Powers Act (IEEPA)

Trump *Adds* 20% Tariffs to China Imports

| | Lists 1-3 | List 4a | No List |
|-------------------------------|------------|------------|------------|
| Section 301 Tariff Rate: | 25% | 7.5% | 0% |
| Feb 4 IEEPA Tariff Rate: | 10% | 10% | 10% |
| <u>March 4 IEEPA Tariffs:</u> | <u>10%</u> | <u>10%</u> | <u>10%</u> |
| New China Tariff Baseline | 45% | 27.5% | 20% |

March 12: Steel, Aluminum from China tariff: 70%

How Canada, Mexico Tariffs Could Apply



An auto part can cross borders up to 8 times

Canada announced retaliation, Mexico might

A tariff could apply:

- **Only to value added**
- **To entire value**
- **Only once**
- **Not at all**

232 Tariff Announcements Summary

- Who:** All countries including Canada, Mexico, EU, Japan
- What:** Reinstatement of Section 232 National Security tariffs
25% tariff on all imports of steel; 25% (from 10%) aluminum
Includes some derivative products; creates process to add
No Exclusion process; No Country exceptions; No TRQs
- When:** Tariffs take effect 12:01AM Eastern March 12, 2025
Absolute, tariff rate quotas, exclusions, country exemptions,
GAES terminate 12:01AM Eastern March 12, 2025
Exclusion process terminated February 10, 2025
- Why:** Imports “threaten to impair national security of the U.S.”
- How:** Section 232 of the Trade Expansion Act of 1962

Sample PMA Derivatives with 25% Tariffs

| HTS Code | Description |
|------------|--|
| 7326190080 | Articles Of Iron Or Steel, Stamped But Not Further Worked |
| 7612905000 | Other casks, drums, cans, boxes and similar containers, of aluminum, of a capacity exceeding 300 liters |
| 8302303060 | Other mountings, fittings, and similar articles suitable for motor vehicles, of bases |
| 8302106090 | Hinges, and parts thereof, of iron or steel, other |
| 8708106010 | Stampings for Parts of Bumpers under headings 8701 to 8705 (tractors, autos, vans, trucks, heavy duty trucks |

Reciprocal Tariff Announcement Summary

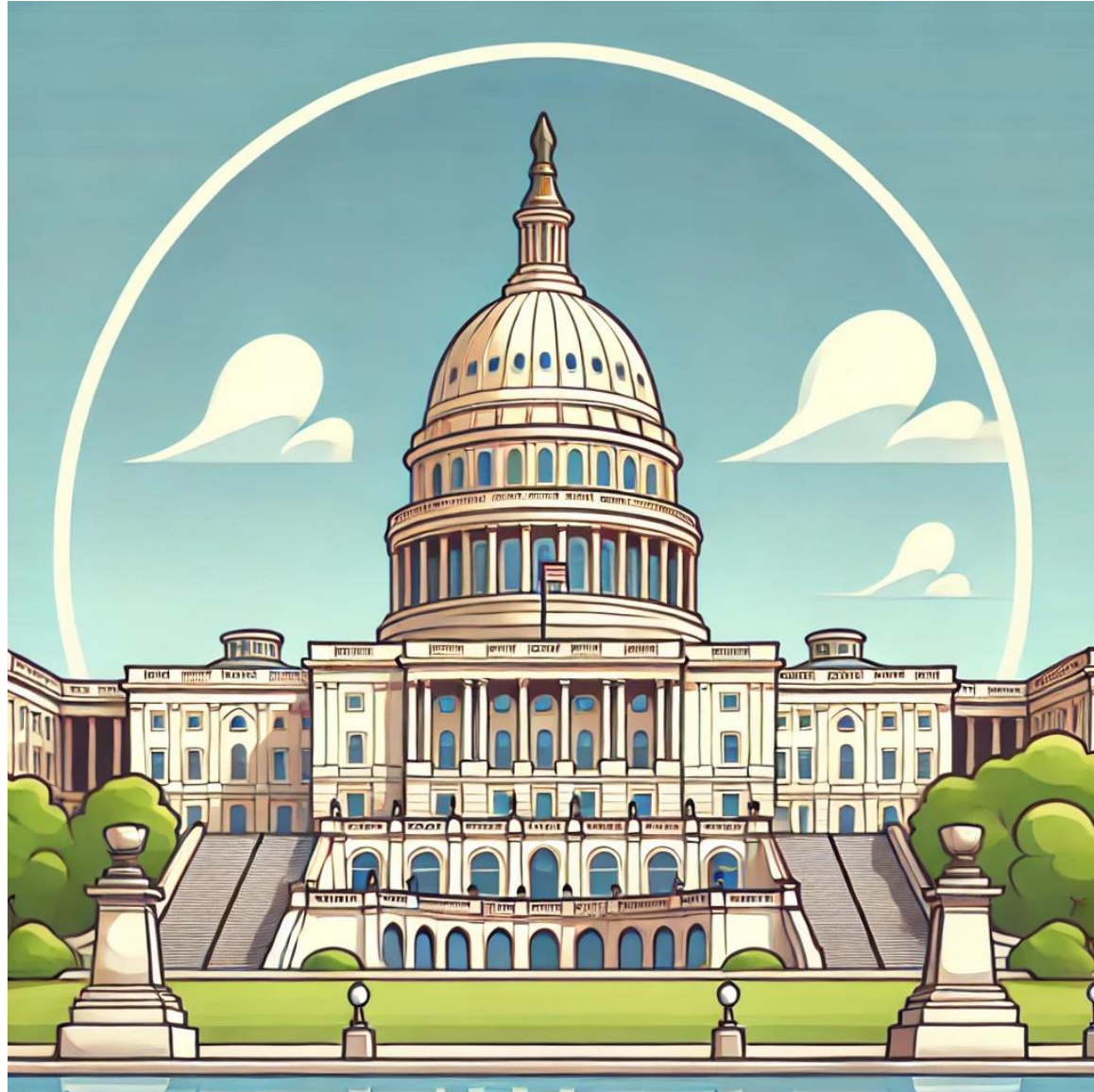
- Who:** All countries imposing duties, trade barriers on U.S.
- What:** Would impose tariffs equal to trade barrier imposed on U.S.
Will calculate tariffs on U.S. exports; Value Added Tax subsidies; regulations targeting U.S. goods; exchange rates
- When:** As soon as April 2, 2025 12:01 AM
- Why:** U.S. tariff on ethanol imports: 2.5% (Brazil 18%)
U.S. tariffs on auto imports: 2.5% (EU 10%)
U.S. tariff on motorcycles: 2.4% (India 100%)
- How:** Section 232 and Section 301

When it Comes to Tariffs...



This is Not a Successful Strategy

Meanwhile, What is Congress Up to?



January 2026 = \$4.6T Tax Increases

- No action by Congress triggers \$4.6 trillion in taxes
- Individual Income Tax rate rises to 39.6%
- 199a 20% passthrough deduction expires
- Bonus Depreciation drops to 20% expensing
- Tax on R&D activities remains in effect
- Estate tax reverts to \$5m per individual
- Paid family medical leave credit expires
- AMT exemption threshold reduced



Key Dates and Timelines



- Days since President Trump inaugurated: **45**
- Days of tariffs on Canada, Mexico so far: **2**
- Days until March 12 steel, aluminum tariffs: **6**
- Days until when reciprocal tariffs may start: **28**
- Days remaining in Trump's second term: **1,417**

And he's just getting started...

Questions?

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