

IOG Economic Intelligence Report

Vol. 2 No. 18

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October 7, 2023

Mexico-U.S. Nearshoring: Mexico and the United States launched a [new joint action plan](#) on semiconductors and efforts to reduce wait times on goods crossing the border. The new plan is seen to be part of U.S. efforts at “nearshoring” where reliance on critical goods and technology from China is replaced with that from countries with closer relations and geographic ties. Mexico recently passed China as the [U.S.’s largest trading partner](#).

EU Officially Launches Investigation into EVs from China: The European Union formally opened its one-year investigation into where electric vehicle imports from China have benefited from unfair state subsidies. The announcement alleges that Chinese carmakers have benefits from subsidies from their government, including “various grants, provision of loans, export credits and credit lines provided by State-owned banks or bonds underwritten by State-owned banks and other financial institutions at preferential terms”. Any possible countervailing measures resulting from the investigation’s findings will depend on the level of damage and to the extent that it undercut European manufacturers.

Final Rules on U.S. Export Controls on the Way: The U.S. Commerce Department’s Bureau of Industry and Security announced that it expects to publish the final version of export controls on advanced semiconductor manufacturing equipment announced on October 7, 2022 later this month.

Guardrails for CHIPS Act Funds Announced: The U.S. Commerce Department [announced](#) the finalized chip guardrails implemented as part of the 2022 CHIPS Act and intended to prevent China from benefiting from the funding provided in the legislation. Under these rules, announced on September 22, companies receiving CHIPS Act funds will be prohibited from expanding material semiconductor manufacturing in foreign countries of concern like Russia and China for 10 years, along with restrictions on certain types of joint research and technology licensing efforts.

India Relaxes Rules on IT Hardware: On September 25, India announced that it would loosen proposed restrictions on imports of laptops, tablets, and other IT hardware. In a bid to increase domestic production, the Indian government had originally proposed that such imports would require a license with the ambition that foreign companies would cut back imports immediately. Under the revised proposal, companies will have more time to secure a license and the extent of each companies imports will depend on the extent of its local production in India (neither the previous proposed rules nor their revisions will apply to smartphones).

China, U.S. Offer Perspectives on WTO Reform: At a group study session of the Chinese Communist Party’s Politburo, Xi Jinping told participating officials that China should “comprehensively and deeply” participate in reform of the World Trade Organization as well as “resolutely safeguard the legitimate rights” of China and other developing nations. Xi also vowed to continue to expand access to China’s market and attract foreign capital while also ensuring China’s economic security.

For her part, U.S. Trade Representative Katherine Tai weighed in on WTO reform at an event at the Center for Strategic and International Studies in Washington, DC, calling on WTO members to report subsidies and other possibly trade-distorting measures and for the organization to adopt new rules to address challenges like state-owned enterprises, both seen as comments targeting China’s trade practices. Amb. Tai did not provide any signals that the United States would nominate new judges to the WTO’s Appellate Body, the WTO’s dispute-settlement arbitrator that the United States disabled by failing to appoint the requisite number of judges for the group to function, but she did suggest that a solution to restart a different dispute settlement process was possible.

New China-U.S. Working Group: China and the United States [announced](#) the launch of new economic and financial working group under the direction of China’s Vice Premier He Lifeng and U.S. Treasury Secretary Janet Yellen that will exchange information on financial and economic developments in both countries.

Analysis: How Big Is the Risk from Trump?

One year from now, the U.S. presidential election will be in its home stretch with roughly a month to go until voting day on November 5, 2024 and eight years removed from the night Donald Trump shocked the world in 2016 by beating Hilary Clinton for the presidency. His election subsequent term in office was a major shock to the international system that left partners scrambling to adapt and accommodate. He insisted on going his own course on international economic policy, showing a penchant for transactional arrangements but much less interest in buttressing the rules-based order, exemplified by his withdrawal from the Trans-Pacific Partnership that set back U.S. economic engagement in the Indo-Pacific for at least a decade. A significant part of Biden’s diplomatic efforts have been to reassure partners that “America is back” after the Trump administration, even as those partners may harbor their own doubts, and casting a wary glance toward the next presidential election.

A second Trump presidency would be a significant event in the world of geoeconomics because some of the ideas that Trump has already floated – a generalized 10 percent tariff on imports, withdrawal from World Trade Organization, bombing Mexico, a country vital to nearshoring efforts, and more – directly contradict the principles of the rules-based order that the United States has centered since the end of World War II and which the Biden administration has prioritized, particularly in response to the apparent challenge from China. Trump would probably follow through on these threats and more given that this time he’d enter office in 2025 not only

with four years of experience accumulated but also with a few bones to pick and scores to settle, both domestic and foreign.

While the risks that a second Trump presidency could pose to the economic order might be real, his chances of returning to the White House might not be. Observers seem to be so determined to avoid being caught off guard this time that many are categorically refusing to write off the possibility of Trump pulling off another upset. The concern isn't ungrounded either – polls have shown Trump to be the clear frontrunner among Republican primary candidates and that Trump and Biden are in a hypothetical dead heat in a head-to-head matchup. Given the risks, it would be madness for observers not to be prepared this time.

That said, there's a difference between being on guard and inflating his chances. Even setting aside the four indictments, Trump isn't exactly a formidable candidate. He has never won the popular vote, even when he defeated Hilary Clinton in 2016 and there was genuine chaos during his presidency that a lot of Americans would like to avoid repeating. Maybe most importantly, there's no mystique anymore. He's no longer an outsider like he was in 2016 and he can't represent the possibility of being new and different like he did in 2016, factor which drew significant numbers of independent voters. He's now a candidate for diehards and partisans, and while they're not an insignificant group, they're also probably not a critical mass large enough to propel him into the White House.

At the same time, Trump has already left his mark, win or lose. The Republican Party is now Trump's and no one else in his party can seem to come out from under his shadow or plausibly confront him. The fact that there hasn't been a Republican primary candidate that's been able to adopt his message might mean that Trump represents a very specific confluence of ideas, messaging, and celebrity that might too difficult for anyone else to replicate. On one hand, that might mean that Trumpism might disappear along with Trump; on the other hand, the difference will only be cosmetic since Trump built off existing movements like the Tea Party. Whoever wants to win the presidency as a Republican will need to figure out how to appeal to the party's far-right while also attracting enough centrists and moderates. The recent history of the Republicans to hold the speaker's gavel in the House of Representatives shows how difficult it can be to thread that needle.

Beyond that, the United States simply isn't the same country it once was. U.S. institutions are weaker today than they were in 2016 and his presidency seems to have made it easier for U.S. decision makers of all political persuasions to indulge in economic protectionism. Even if Trump can't win in 2024, it's hard to see a liberal internationalist coalition emerging in U.S. domestic politics. While Trump might be the worst-case scenario for U.S. geoeconomic policy, there's more to worry about than Trump's reelection.