

## 26-2 The America First Investment Pledges: How Are They Structured and Are They Realistic?

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In pursuit of President Donald J. Trump’s “America First” agenda, the administration has engaged in high-level bilateral negotiations with allies and partners to encourage them to invest in US industrial and infrastructure projects. In recent months, the White House announced commitments by the European Union (EU), Japan, South Korea, Taiwan, and several Gulf Cooperation Council (GCC) countries, among others, to import specific amounts of goods and services from the United States as well as to make sizable investments on US soil. These agreements came following considerable pressure by the United States; they represent a shift toward a more coercive US foreign policy. Because the administration is helping select the targets of foreign investment, it is embarking on a major expansion of US industrial policy—one paid for by allied countries.

Investment pledges by partner governments surpass \$5 trillion,<sup>1</sup> according to White House Fact Sheets—about 18 percent of 2025 US GDP. The horizons for implementation are often long, however (up to 10 years).<sup>2</sup>

The Trump administration has presented the America First initiative as proof of its ability to convert its economic, military, and diplomatic leverage into financial gains for the United States and to reverse what it describes as decades of “unbalanced economic relationships.” The agreements aim to increase foreign investment in the United States, expand US manufacturing capacity, and enhance market access for American exporters. The administration also aims to safeguard investment in critical sectors from interference by countries it perceives as adversaries, particularly China.<sup>3</sup> Although the Trump administration has portrayed

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- 1 The [White House](#) investment tracker, which records both private and official investments, shows a total figure of \$9.6 trillion. In a recent [briefing](#), President Trump used a figure of \$18 trillion; the basis for his claim is not clear.
- 2 The White House Fact Sheets cover [the European Union](#), [Japan](#), [South Korea](#), [Qatar](#), [Saudi Arabia](#), [Switzerland](#) and [Liechtenstein](#), and the [United Arab Emirates](#) (UAE). [Taiwan](#) is covered in a Department of Commerce Fact Sheet. For Bahrain, we relied on press reports. The details of the Japan-US Framework are covered in a public [Memorandum of Understanding](#) between the two governments.
- 3 The aims of the America First deals are consistent with the recently issued United States National Security Strategy [statement](#).

partner countries as willing participants, tariff relief is often included as an explicit quid pro quo for their investments.

For partner governments, agreeing to the Trump administration's demands serves several purposes. Japan and South Korea would like to avert high US tariffs, maintain access to US markets, and keep the US security umbrella. The European Union and Switzerland are trying to avoid high US tariffs and trade barriers. The GCC countries want to strengthen political relations with the Trump administration and deepen existing security understandings.

The analysis in this Policy Brief shows that much about the announced commitments remains unclear or aspirational, suggesting that there may be less certainty than meets the eye. In addition, the achievability of some of the pledges strains credibility.

The main findings of the analysis can be summed up as follows:

- The pledged amounts are large, but their time horizon varies, and the metrics for measuring and thus verifying the pledges are generally unclear. In addition to covering investments in the United States, the deals include commitments on imports, military procurement, and joint ventures with US companies.
- The selection process for projects lacks transparency, and governance and accountability frameworks are lacking. Greater public oversight is needed to ensure responsible project management and guard against inefficiencies and corruption.
- Many of the deals resulted from heavy US pressure, including threats to impose tariffs on imports. They thus entail an assertive if not coercive approach to shaping international trade and investment relations.
- The legal frameworks for the agreements vary considerably. Tariff relief is often conditional on continued cooperation. Some uncertainty looms should the US Supreme Court invalidate the administration's invocation of a national security emergency justifying its tariffs. If it does, the US administration may have to use other authorities to carry out its threat to impose tariffs.
- The America First investment agenda focuses on a handful of strategic areas: shipbuilding; technology, including artificial intelligence; energy infrastructure; and critical supply chains.
- The contrast with the approach of the previous administration is striking. The Biden administration employed public investment, grants, loans, tax incentives, and trade restrictions to pursue strategic goals its industrial policies; the Trump administration seeks to leverage foreign investment to pursue its objectives.
- Some but not all partner countries have sufficient financial resources to meet their commitments. Given their current resources, the GCC countries, Taiwan, and South Korea may face difficulty fulfilling their commitments, casting doubt on whether they can be implemented.
- The effects of the deals on the US economy are unclear. A cost-benefit analysis of the projects—including how they contribute to addressing market failures, creating employment, finding specialized labor, and securing supply chains—requires information that is not yet available. It is likely, however, that

if implemented, the deals will lead to more growth and employment in the United States—with some positive fiscal effects, too. It is also likely that they will improve the US balance of payments in the long run.

This Policy Brief is organized as follows. Section 1 examines the scope of these pledges, including amounts, duration, and sectors covered, and discusses possible motivations for the agreements. Section 2 discusses the legal and institutional aspects of the agreements. Section 3 analyzes the sectoral distribution of the investments. Section 4 examines whether partner governments can mobilize the needed resources to implement the agreements. Section 5 provides an overall assessment of the agreements.

## 1 SCOPE OF PLEDGES

This section summarizes the key details of each agreement, including the amount, duration, motivation, and other financial information.

### Gulf Cooperation Council Countries

The United Arab Emirates, Qatar, Saudi Arabia, and Bahrain have collectively promised nearly \$4 trillion in investment in or imports from the United States. The United Arab Emirates pledged \$1.6 trillion over 10 years; Qatar \$1.2 trillion, without a timeframe; Saudi Arabia \$1.0 trillion, with at least \$600 billion over four years and no clear timeframe for the remainder; and Bahrain \$17.0 billion, without a timeframe.<sup>4</sup>

The GCC countries are not currently major investors in the United States, and they do not trade extensively with it. They aim to promote economic diversification in their own economies, expand their military capabilities, and maintain US regional engagement. For these Gulf governments, the political returns are immediate and considerable. Qatar's participation coincided with US approval of a Qatari training facility at Mountain Home Air Force Base in Idaho. The administration quickly granted the United Arab Emirates an export license for Nvidia hardware, allowing it to import restricted high-end graphics processing units (GPUs) for an artificial intelligence campus in Abu Dhabi.

### European Union

The European Union pledged \$600 billion over four years as part of its framework agreement with the United States on lower tariffs. It is the United States' largest investor, with a cumulative investment stock around \$10 trillion in 2025. Financial activities—portfolio flows, mergers and acquisitions, intracompany loans, and offshore tax shelters—dominate bilateral investment flows. The vagueness of the pledge and uncertainty around the goalposts suggest that the European Union may take a more passive approach to its commitment than other partners. Due to tensions over Greenland, the European Parliament [suspended](#) approval for the deal, and its future status is uncertain.

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4 Qatar has committed to a \$1.2 trillion "economic exchange," which could refer to bilateral investment and trade more broadly. The head of Qatar's sovereign wealth fund has [stated](#) that it will invest \$500 billion in the US economy over 10 years.

## Japan

Japan committed approximately \$550 billion over four years as part of its negotiations for tariff relief. It relies on the US market and security umbrella. Like the European Union, it came under American pressure to address trade imbalances. Politically, the Kishida government framed the agreement as an unavoidable adjustment to protect Japan's export base and preserve access to the US market. The arrangement, however, is asymmetric: Washington retains control over project selection and oversight, while Japan provides the capital. Profit sharing is set at 50/50 until principal and interest are repaid, after which 90 percent of earnings will flow to the United States. Although the agreement privileges Japanese suppliers, there is no guarantee that Japan's government will recoup its capital should projects become unprofitable. Recently, it released a [list](#) of potential projects totaling up to \$390 billion.

## South Korea

South Korea's agreement with the United States follows the same template as Japan's. In exchange for tariff relief, Korea agreed to a broad package of investment and industrial cooperation totaling \$350 billion. It will steer \$200 billion toward US investment and earmark \$150 billion for bilateral cooperation on shipbuilding. To avoid strain on Korea's finances, the annual contribution for US investment is capped at \$20 billion, consistent with a 10-year horizon for the pledge.<sup>5</sup> Reports also [indicate](#) that the United States could grant South Korea access to technology for nuclear-powered submarines, which appears to be closely tied to the deal.

## Switzerland and Liechtenstein

Switzerland and Liechtenstein agreed to invest at least \$200 billion in the United States over five years, including at least \$67 billion in 2026.<sup>6</sup> They also agreed to remove tariffs on some agricultural and industrial products and to lower nontariff barriers. Switzerland made commitments to balance its trade with the United States, without setting a timeframe. The agreement also states that the three countries will "strengthen supply chain resilience by addressing non-market policies of third countries." In exchange, the United States agreed to lower the tariff rate on many Swiss products from 39 percent to no higher than 15 percent, the same rate as the European Union.

## Taiwan

The agreement with Taiwan comes amidst continued China-US tensions. It amounts to \$500 billion. It is mainly geared to enhancing the US semiconductor industry. In return, the United States will lower tariffs on Taiwan below a 15 percent cap, down from the current rate of 20 percent. Tariffs on generic pharmaceuticals and their ingredients, aircraft parts, and "unavailable natural resources" will have tariffs of zero percent. Moreover, US Section 232 tariffs on

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<sup>5</sup> Projects will be selected by January 2029.

<sup>6</sup> Liechtenstein made a separate pledge, to invest \$300 million over five years.

Taiwanese auto parts, timber, lumber, and wood derivatives will be lowered from 25 percent to no more than 15 percent.

## 2 LEGAL AND INSTITUTIONAL ARCHITECTURE OF AGREEMENTS

The legal and institutional arrangements underpinning the agreements differ across partners. On the US side, tariff relief is implemented through executive orders. Beyond this, the enforcement mechanisms are generally not clear. For partners, the degree of formality and US administrative control ranges from explicit frameworks, as with the Memorandum of Understanding (MoU) with Japan, to vaguer endorsements from the European Union and the GCC states to accelerate foreign direct investment (FDI). Generally, the agreements reflect “good faith” understandings on both sides and are less binding than treaty obligations. In cases where the US government is steering projects, there are few details on how oversight and governance will work, raising concerns about public accountability.

### Gulf Cooperation Council Countries

The agreements treat commercial commitments as political understandings, blurring the distinctions between investment, trade, and defense procurement. They are not legally binding and are closely tied to national development strategies. Public documentation remains limited, and the pledges are framed in open-ended language. Implementation could fall largely on sovereign wealth funds, which have typically made commitments to boost US spending as part of broader diplomatic efforts to engage the United States. Projects announcements include some joint ventures between GCC and US firms and public-private partnerships involving the GCC governments.

### European Union

The European Commission and the US government released coordinated [statements](#) outlining a “framework agreement” for mutually beneficial trade and investment. The framework is provisional, however; the final trade deal remains under negotiation. The \$600 billion investment pledge is framed in diplomatic language and carries no legally binding commitment. Even if it did, the European Union has limited capacity to direct funds for US investment, as it does not exert leverage over private asset managers, central banks, or sovereign wealth funds. The Commission has issued debt in the past, but doing so requires approval from all EU member-states. In short, the decentralized fiscal and legislative architecture of the European Union makes any commitment difficult to enforce. The Commission can negotiate EU-wide investment rules and block bilateral agreements by member-states contravening such rules. Otherwise, its resources and authorities are limited.

### Japan

The [MoU](#) establishes a formal investment committee chaired by the US secretary of commerce, which will select and submit projects to the US president for approval. According to the terms of the agreement, Japan will fund approved projects within 45 days. If it does not fully fund a project, it will not receive

interest payments on its capital contribution. If it withholds all funds for approved projects, it is potentially subject to retaliatory tariffs. Although the agreement is an MoU, the combination of fixed obligations, time-bound deployment, and enforcement mechanisms make it a de facto executive agreement. It lacks treaty ratification but imposes substantive procedural commitments on Tokyo.

Japan has committed \$550 billion in capital deployment through a mix of project finance and co-investment vehicles. The Japan Bank for International Cooperation (JBIC) [announced](#) a dedicated fund providing state-backed financing guarantees. Officials suggest that JBIC could underwrite around [one-third](#) of Japan's total commitment, although the share depends on private sector participation. The Japanese government may also push its large public pension funds to invest more in the United States or sell some of their reserves, although most of its reserves are US Treasury holdings.

### South Korea

South Korea's [MoU](#) is similar to Japan's, but it includes language that reflects the Korean authorities' concern about financial stability. Annual disbursements are subject to a \$20 billion cap, and a safeguard clause allows Seoul to delay or scale back deployments if funding threatens to destabilize the won. In contrast to the MoU with Japan, its MoU gives South Korea joint oversight of projects, which are approved by the president of the United States, but the US and Korean governments have yet to reveal how projects will be governed. The MoU states that the United States can reinstate higher tariffs if Korea fails to fund projects.

The package will be structured largely via loans and guarantees rather than full cash injections, out of concerns about foreign exchange exposure and won stability. Much of the financing is expected to flow through policy banks, such as the Korea Development Bank and the Export-Import Bank of Korea, enabling the government to avoid immediate fiscal outlays.

### Switzerland and Liechtenstein

The deal with Switzerland and Liechtenstein is based on a provisional framework, as the three countries negotiate an Agreement on Reciprocal, Fair, and Balanced Trade. There is no MoU or specific provisions regarding the selection and supervision of projects. A White House [Fact Sheet](#) indicates that investments will include outlays by several Swiss firms, including Roche, Novartis, ABB, and Stadler, all of which made project announcements in 2025. The Swiss government has greater fiscal, legislative, and diplomatic autonomy than the European Union, but its ability to influence investment decisions by Swiss firms remains limited.

### Taiwan

The deal with Taiwan is similar to those agreed with Japan and South Korea in 2025. Taiwan is expected to make direct investments of \$250 billion in semiconductors, energy, and artificial intelligence in the United States. This [includes](#) a \$100 billion investment announced in 2025 by the semiconductor firm TSMC. Taiwan's government is also expected to provide credit guarantees of at least \$250 billion to facilitate investments by Taiwanese companies in support of semiconductor supply chains in the United States and US industrial infrastructure.

Table 1  
**America First investments, by sector**

Sector	Illustrative projects
<b>Port infrastructure and shipbuilding</b>	<ul style="list-style-type: none"> <li>Japan: Upgrades to ports and waterways across the US South (<a href="#">White House, July 2025</a>)</li> <li>South Korea: Codevelopment of US shipbuilding and repair facilities (<a href="#">White House, November 2025</a>)</li> </ul>
<b>Technology and artificial intelligence (AI)</b>	<ul style="list-style-type: none"> <li>South Korea: Expanded US-Korea cooperation on AI, 6G wireless technologies, quantum computing, and advanced semiconductor supply chains (<a href="#">White House, October 2025</a>)</li> <li>United Arab Emirates: Construction of data centers and research on AI; investment in semiconductor engineering (<a href="#">White House, May 2025</a>)</li> <li>Taiwan: Investment in semiconductor production and supply chains as well as AI innovation (<a href="#">US Commerce Department, January 2026</a>)</li> </ul>
<b>Energy infrastructure</b>	<ul style="list-style-type: none"> <li>Japan: Production of components for and grid modernization of US power plants, including nuclear plants and development of small modular reactors (<a href="#">White House, July 2025</a>)</li> <li>Saudi Arabia: Investment in energy infrastructure linked to data center and power generation projects (<a href="#">White House, May 2025</a>)</li> </ul>
<b>Critical supply chains (minerals and pharmaceuticals)</b>	<ul style="list-style-type: none"> <li>Japan: Production of lithium-iron-phosphate and coordination on procurement of lithium and nickel (<a href="#">White House, July 2025</a>)</li> <li>Saudi Arabia: Refining and processing of critical minerals for energy storage (<a href="#">White House, May 2025</a>)</li> <li>Switzerland: Research and development by Roche and Novartis and investments in advanced pharmaceutical manufacturing (<a href="#">White House, November 2025</a>)</li> <li>United Arab Emirates: Collaboration with US firms on gallium, rare-earth, and battery-metal supply chains (<a href="#">White House, May 2025</a>)</li> </ul>
<b>Defense and aerospace</b>	<ul style="list-style-type: none"> <li>Japan: Defense-industrial cooperation; expanded supply-chain linkages for AMRAAM (Advanced Medium-Range Air-to-Air Missile)/F-35 (<a href="#">White House, July 2025</a>)</li> <li>Qatar: Purchase of Boeing wide-body planes with GE engines; purchase of aerial defense and drones (<a href="#">White House, May 2025</a>)</li> <li>Saudi Arabia: Purchase of \$142 billion of air/missile, maritime, land, and C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance) systems (<a href="#">White House, May 2025</a>)</li> </ul>

Sources: White House Fact Sheets (see appendix table A.2).

### 3 STRATEGIC EMPHASIS AND SECTORAL DISTRIBUTION

The America First investment policies form a set of industrial policies that focus on both economic and national security considerations. They try to promote foreign investment in the United States; they also tighten inbound investment screening, introduce measures to safeguard American intellectual property, and expand export controls for advanced technology. The investment deals center on defense, aerospace, advanced manufacturing, artificial intelligence (AI), and other critical technologies. Spending on energy infrastructure, defense, and aerospace together accounts for nearly two-thirds of announced capital expenditures, at least where dollar values are reported. (See the appendix for individual project announcements.)

Partner-country project announcements are concentrated in five sectors that align with US strategic priorities (table 1 and appendix table A.1). They also reflect the comparative industrial strengths of partner economies.

The frameworks of Japan and South Korea refer to defense-industrial cooperation, and the Japanese government also proposed various energy infrastructure projects, which the United States needs as complements to AI technology. The shipbuilding tranche of South Korea's agreement is linked to longstanding US ambitions to revive lagging domestic capacity. Saudi Arabia and the United Arab Emirates have tied portions of their pledges to defense-industrial development and supply chain integration. They also include deals related to energy infrastructure. Taiwan's pledge focuses heavily on semiconductor production.

The strategies of the Biden and Trump administrations are similar in many ways. They both try to strengthen American manufacturing and lower risks for key supply chains. An important difference is the new administration's tone, exemplified by its attribution of US industrial decline to one-sided alliances and an unfair trading regime. In terms of areas of strategic focus, the Biden administration concentrated on semiconductor production, clean energy (including electric vehicles and solar panels), and infrastructure upgrades.<sup>7</sup> The priorities of the Trump administration overlap with those of its predecessor, except for clean energy. In this area, the Trump administration has reversed course and aims to bolster the production of fossil fuels.

Another key difference between the two administrations is their approach to financing. The Biden administration relied on domestic public spending, tax incentives, and subsidies; the Trump administration seeks to shift much of the financing burden onto foreign partners, a choice consistent with its political narrative. The new policy package is also more assertive than that of the first Trump administration, when industrial policy was confined mainly to the Section 232 steel and aluminum tariffs and the China Section 301 actions.

#### 4 FINANCING SOURCES AND AFFORDABILITY

The credibility and feasibility of the import and investment pledges depend not only on political intent but also on the financial resources available to each partner government. Some of the commitments made are large relative to annual outward investment flows, which are driven almost entirely by the private sector. The critical question is whether governments can mobilize existing resources or create incentives for the private sector to accelerate flows to the United States.

Perhaps the simplest measure of ability to pay is the size of the pledge relative to GDP, adjusted for its time horizon (table 2). The flow value of the United Arab Emirates' pledge equals roughly 30 percent of its 2024 GDP. For Qatar, this share exceeds 50 percent of its annual GDP, assuming a 10-year horizon. For Saudi Arabia this ratio is also high. Its pledge equals at least 12 percent of GDP a year, more than double the next largest country, Taiwan, at 6 percent of its GDP. For the remaining countries, the share falls below 5 percent.<sup>8</sup>

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7 Relevant legislation includes the CHIPS Act, the Inflation Reduction Act, and the Bipartisan Infrastructure Law, all of which remain in force.

8 For pledges without a clear time horizon, we assume 10 years. The shares of GDP are 4.3 percent for Switzerland and Liechtenstein, 3.6 percent for Bahrain, 3.4 percent for Japan, 1.9 percent for South Korea, and 0.8 percent for the European Union.

Table 2

**America First pledges by selected partner economies relative to their GDP, outward foreign direct investment (FDI) flows, and imports (billions of US dollars)**

Country/region	Pledge	Horizon (years)	2024 GDP	FDI outflows (average 2020-24)			Goods imports (average 2020-24)		
				Total	US	Rest of world	Total	US	Rest of world
United Arab Emirates	1,600	10	552	50	1.7	48	371	20	351
Qatar	1,200	Not indicated	220	1.3	<1	1.3	30	4.3	25
Saudi Arabia	1,000	4 <sup>a</sup>	1,240	20	2.6	18	184	17	167
European Union	600	4	19,460	593	129	464	2,592	320	2,272
Japan	550	4	4,019	188	39	148	760	81	679
Taiwan	500	Not indicated	797	19	<1	19	302	39	263
South Korea	350	10	1,875	49	6.4	43	618	72	546
Switzerland and Liechtenstein	200	5	938	29 <sup>b</sup>	12	16	341	30	312
Bahrain	17	Not indicated	47	3.6	<1	3.6	15	<1	14

FDI = foreign direct investment

a. The four-year time horizon covers only the \$600 billion component of the pledge.

b. Excludes transactions by holding companies.

Notes: Data on FDI by the United Arab Emirates and Qatar are missing for some years.

Sources: IMF (2025a, 2025c); Central Bank of the Republic of China (Taiwan) (2026); Swiss National Bank (2025); United Arab Emirates Central Bank (2025); US BEA (2025); UN (2025).

We also compared the size of commitments by partners relative with three other indicators: FDI, imports, and foreign assets. We then combined these indicators into an illustrative metric that relies on three simplifying assumptions:

- For FDI outflows from partner countries, we assume that the difference between US and global outflows (the “rest of world” component) could be diverted to the United States.
- We compare the size of the deals with countries’ total imports. The “rest of world” component captures the amount that could, as a practical matter, be diverted to fulfill the commitments made to the United States.
- We look at international asset holdings (table 3), which include central bank reserves, sovereign wealth fund (SWF) assets held abroad, and other international assets.<sup>9</sup> In the first two cases, governments exert varying

<sup>9</sup> US Treasuries make up a large share of reserves in most countries. Converting them into direct US investments would swap debt holdings for equity stakes. Some SWFs assets are illiquid investments, such as real estate.

Table 3

**America First pledges by selected economies relative to their government and international asset holdings, 2023 (billions of US dollars, except where indicated otherwise)**

Country/region	Pledge	Horizon (years)	Central bank reserves	Sovereign wealth fund assets	International investment position assets		
					Total	US <sup>a</sup>	Rest of world
United Arab Emirates	1,600	10	185	2,447	2,164	247	1,917
Qatar	1,200	Not indicated	45	559	861	56	805
Saudi Arabia	1,000	4	437	1,526	2,158	319	1,839
European Union	600	4	1,176	n.a.	43,938	9,697	34,240
Japan	550	4	1,239	2,155	10,436	3,194	7,242
Taiwan	500	Not indicated	571	238	2,905	730	2,175
South Korea	350	10	414	1,170	2,326	665	1,661
Switzerland and Liechtenstein	200	5	795	94	5,863	1,428	4,435
Bahrain	17	Not indicated	4.8	32	155	2.3	153

n.a. = not available. Sovereign wealth fund assets reported for end-2025 and combine domestic and international holdings.

a. Includes the US inward FDI stock by partner (US BEA 2025) and foreign holdings of US securities (US Department of the Treasury 2025).

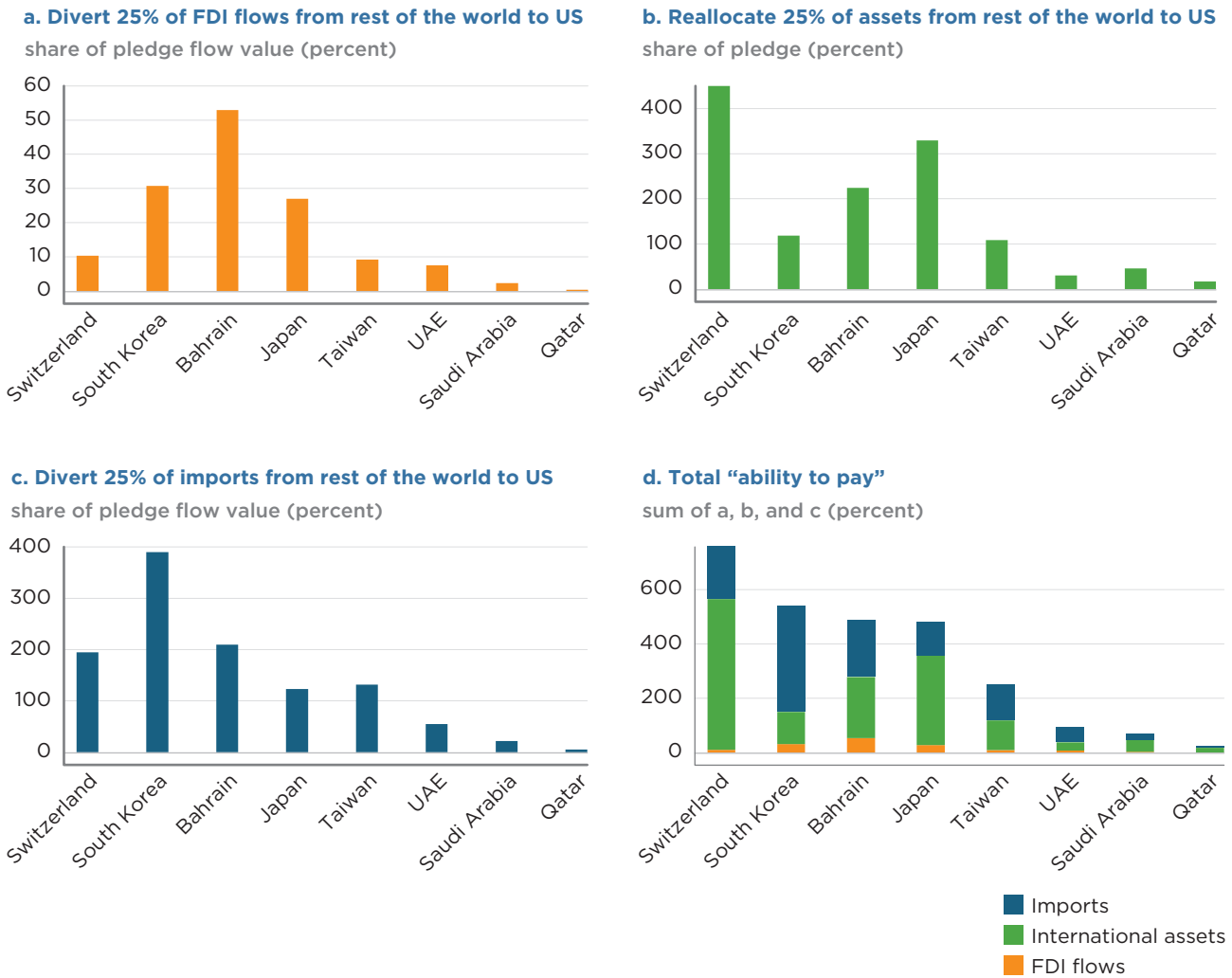
Sources: Milesi-Ferretti (2025); Sovereign Wealth Fund Institute (2025); US BEA (2025); US Treasury (2025).

degrees of control. For example, central banks hold some share of reserves and in many cases are operationally independent; they also hold reserves on behalf of governments. SWF holdings mix state-directed and independently managed funds, such as public pensions.<sup>10</sup> For most countries, the remaining assets consist of private investment, although international investment position assets may include the holdings of state-owned enterprises and official lending.

As with FDI outflows and imports, we assume that some share of international assets could be reallocated to the United States. We also assume that this share is uniform across countries. In practice, reserves and sovereign wealth assets—the categories where governments have the most control—vary considerably across countries and are often small relative to total international asset holdings, an important caveat.

<sup>10</sup> Unlike reserves, not all SWF assets are held abroad. We do not have a breakdown of domestic and foreign asset holdings.

Figure 1  
**“Ability to pay” metric and its components, by partner country**



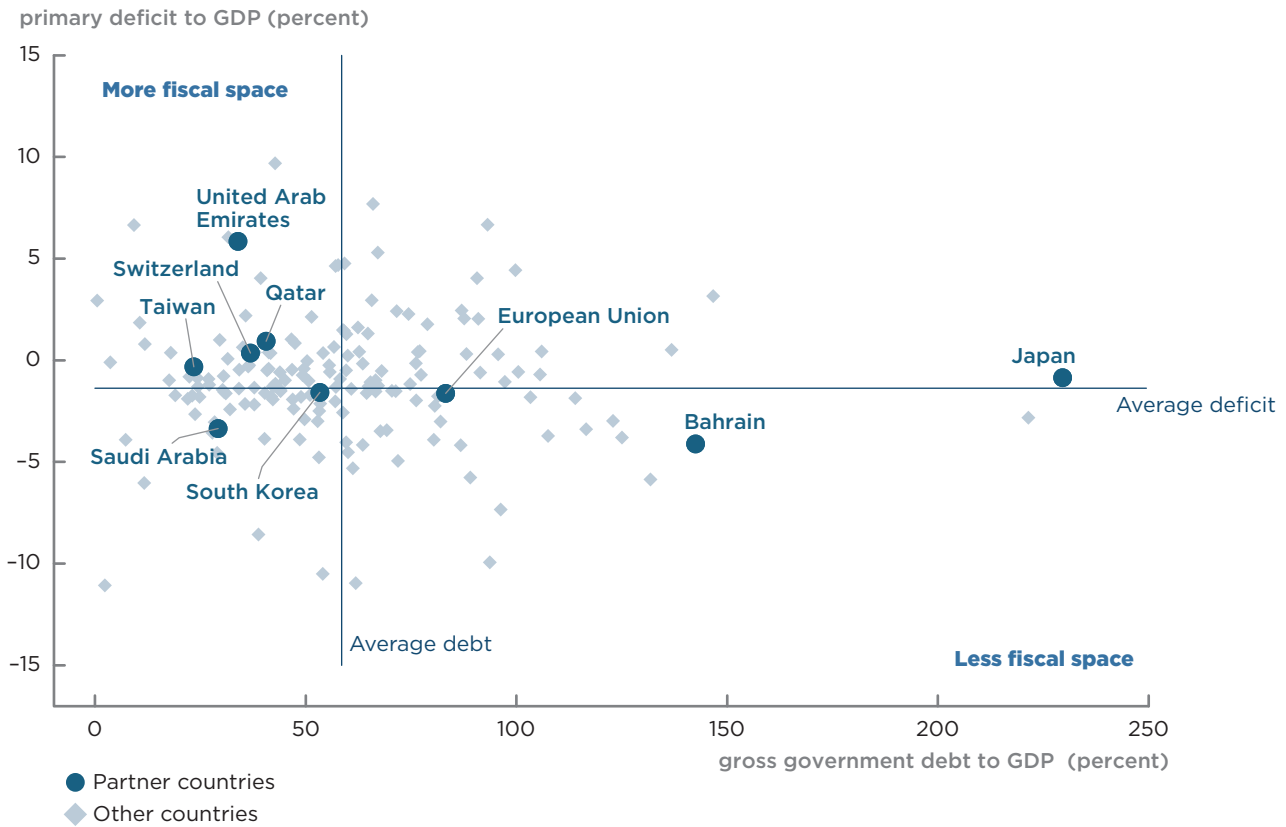
Note: Assumes a 10-year horizon for Bahrain and Qatar and \$400 billion of Saudi Arabia's \$1 trillion pledge.  
Source: Authors' calculations.

To assess overall financing capacity, we assume, for illustrative purposes, that countries can divert 25 percent of each component (i.e., outward FDI flows, imports, foreign asset holdings) from the rest of the world to the United States. For each economy, we normalize each component by the total pledge amount. For outward FDI and imports, we divide the pledge by its horizon, if known, to derive a flow value; if the horizon is unknown, we assume 10 years. Each component is presented separately and then combined into an overall “ability to pay” metric (figure 1). The results in figure 1 (panel d) show the share of the pledge amount countries could finance given our assumptions.

The results point to large variation in financing capacity across countries relative to their pledge amounts. Japan, Switzerland, and Bahrain appear best positioned, because of their international asset holdings.<sup>11</sup> These holdings are

11 In Switzerland, Roche and Novartis have already committed to projects totaling \$73 billion.

Figure 2  
**Government debt and primary deficits in selected economies, 2025**



Notes: The primary deficit is the difference between government revenue and spending, excluding interest payments. Overall government balance reported for Taiwan. Values for 2025 are IMF projections.  
 Source: IMF (2025c).

large in Japan and Switzerland and sufficient relative to its investment pledge in Bahrain. The other GCC countries appear much less likely to meet the full pledged amounts, at least without significant adjustments to their external balances. South Korea and Taiwan fall in between these two groups. In South Korea’s case, it lacks financial resources but could source a greater share of its imports from the United States as nominal investments.

Governments could turn to debt financing to fund their pledges. The top-left quadrant in figure 2 identifies countries in which both government debt and the primary deficit are below the international average. Countries in this quadrant (the United Arab Emirates, Qatar, Switzerland, and Taiwan) have more capacity to increase government spending and issue debt than other countries. Countries in the bottom-right quadrant (Japan and Bahrain) have high debt and deficits. They are the most constrained in their ability to honor their America First commitments through debt.

Several conclusions emerge from this analysis:

- Pledges by all partners except the European Union appear large compared with current investment outflows, although our metric may understate their ability to honor their pledges for several reasons. First, we assume

that countries divert only existing outflows; countries could use financing guarantees to accelerate outward investment. Second, some of the deals under the America First banner involve greenfield projects by US firms abroad, potentially expanding the America First investment pool. Third, outflows have been depressed since the COVID-19 pandemic and could return to trend growth. Fourth, the 25 percent benchmark might be too low. As a share of total outflows, most partner countries already invest heavily in the United States, which has significant (but not unlimited) capacity to absorb foreign capital. These caveats notwithstanding, the results clearly indicate that most partners will need to reallocate existing international assets, including reserves, to meet their commitments.

- Most countries have some fiscal space to issue debt. In theory, the public sector could borrow from domestic savers or internationally to finance projects. Government debt is high in Japan, Bahrain, and some countries in the European Union, however. Japan's gross debt level is 230 percent of GDP, and Bahrain's is around 140 percent of GDP. Further borrowing would crowd out private investment and raise financing costs for these countries.
- Using reserves is equally difficult for some countries. The Korean won depreciated significantly over the past five years; a smaller reserve buffer would likely result in further depreciation. All of the GCC countries have currency pegs. They are exposed to swings in oil prices and may need to rely on their current buffers, given the prospect of a prolonged downturn, especially as OPEC's market share and pricing power have declined. Japan's low growth has put downward pressure on its exchange rate, but the yen is a reserve currency, giving Japan some space in the use of its reserves.
- Saudi Arabia's Public Investment Fund has made vast financial commitments over recent years and may need to reprioritize its investments. More generally, the national development strategies of Saudi Arabia, Qatar, and the United Arab Emirates are ambitious and draw significant financial resources. There are some signs of fatigue and [retrenchment](#). Their US pledges may not complement national efforts.

## 5 ASSESSMENT

Countries' ability to meet their America First commitments can be summarized as follows:

- The 2025 investment deals pressure partner countries to increase investments in and imports from the United States. They entail a more proactive, interventionist approach to shaping international trade and investment relations than the United States has adopted in the past. Although they are presented as mutually beneficial, they actually reflect asymmetric relationships and coercive tactics. Indeed, the initiatives reflect a shift to a transactional mode of interaction with allies—one that seeks favorable treatment of the United States to avert high tariffs and the removal of the US security umbrella.
- The enforceability of the agreements is not clear. The legal and institutional frameworks of the deals vary widely in formality. They are framed in aspirational terms and lack clear enforcement mechanisms. Furthermore,

should the US Supreme Court limit the administration's executive authority to impose punitive tariffs, partner countries could seek to renegotiate, although the Trump administration has [indicated](#) that it will implement its reciprocal tariffs using other authorities should the Supreme Court rule against it.

- The agreements seek to promote US manufacturing, create jobs, and increase the security of supply chains in several areas. The industrial policies of the Trump I, Biden, and Trump II administrations reflect fears that the US manufacturing base has weakened. Against the background of geopolitical competition, they have promoted increasingly aggressive government interventions. The Biden administration tried to pursue its goals through public investment, grants, loans, tax incentives, and trade restrictions. The current administration demands that foreign partners pay for its industrial policies.
- Governance and accountability frameworks for the projects are lacking. The selection process for projects needs to become more transparent. While many of the projects reflect national security interests, they should incorporate and respond to market incentives to ensure that they are efficient. Public oversight is needed to ensure responsible project management and transparency among suppliers, to reduce the risk of corruption. The investment framework for Korea, for example, raises serious questions about the governance how projects,
- The pledges are financially ambitious and, in some cases, strain credibility. For Japan, South Korea, Switzerland and Taiwan, the amounts are significant but perhaps achievable through reallocation of existing foreign investment flows and the mobilization of public financial institutions. For the GCC countries, the commitments are large relative to their financial resources. Saudi Arabia appears capable of meeting its targets, with some difficulty; the United Arab Emirates and Qatar will have to dramatically shift their balance of payments and possibly resort to debt financing to meet them. In all three cases, the commitments are nonbinding, and investments from these countries could fall well below headline numbers.

As this agenda moves forward, a key issue will be the economic effects of the deals on the United States, including the effects on growth, employment, and balance of payments. A full-fledged assessment of the economic impact of the deals requires detailed information about the following:

- the amounts of investment and imports committed, separately;
- cost-benefit analyses of projects, including how they contribute to addressing market failures, creating employment, and increasing the security of supply chains and whether any inefficiencies the deals introduce will be outweighed by their positive effects; and
- the employment intensity of the areas in which investments are made and the availability of the specialized labor in the United States that some ventures will require.

Such information is not yet available. But it is likely that the deals, if implemented, will lead to more growth and employment in the United States—

with some positive fiscal effects as well. It is also likely that the US balance of payments will improve in the long run, although that outcome depends on the efficiency of investment and its orientation toward tradable sectors; in the short run, it is possible that the inflows lead to a sizable real appreciation of the dollar, raising the US trade deficit. Moreover, macroeconomic consistency would imply that partners will have to divert investments and imports away from other countries to the United States.

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## APPENDIX

Table A.1 lists tentative project announcements connected to America First investment pledges. The list mixes proposals, announcements, and realized projects. It classifies projects according to the five White House strategic priorities outlined in table 1, with the few projects falling outside these categories classified as “other.”

Figure A.1 shows the distribution of America First-related project announcements in terms of project value, number of projects, and partners.

Table A.2 provides a timeline of the official communications for the investment pledges that form the backbone of our analysis.

Table A.3 outlines statements by the US government on its investment policies and related security concerns.

Table A.1

### Project announcements related to America First investment pledges, 2025

Sector/project	Country	Value (billions of dollars)
<b>Critical supply chains</b>		
<a href="#">Carbon Holdings: Ammonia and urea fertilizer facility</a>	Japan	3
<a href="#">Element Six: HPHT diamond grit manufacturing plant</a>	Japan	0.5
<a href="#">Emirates Global Aluminum (EGA): \$4 billion aluminum smelter in Oklahoma</a>	United Arab Emirates	4
<a href="#">Falcon Copper: Copper smelting and refining plant (Western United States)</a>	Japan	2
<a href="#">MitraChem: Lithium-iron-phosphate production facility</a>	Japan	0.35
<a href="#">Novartis: US-based pharmaceutical manufacturing and research and development</a>	Switzerland	23
<a href="#">RTX: Gallium production partnership in Abu Dhabi (with EGA and the Tawazun Council)</a>	United Arab Emirates	n.a.
<a href="#">Shamekh IV Solutions: IV fluid manufacturing plant in Michigan</a>	Saudi Arabia	5.8
<a href="#">US-Saudi critical mineral framework to diversify supply chains</a>	Saudi Arabia	n.a.
<b>Defense and aerospace</b>		
<a href="#">Air and maritime defense upgrades, including at Al Udeid Air Base</a>	Qatar	38
<a href="#">AMRAAM (Advanced Medium-Range Air-to-Air Missile) sales to Japan</a>	Japan	n.a.
<a href="#">Boeing 737-8 aircraft for AviLease</a>	Saudi Arabia	4.8
<a href="#">Defense Fund to co-invest in joint US defense manufacturing and technology</a>	Saudi Arabia	5
<a href="#">Defense package: Air, missile, naval, land, command, control, communications, computers, intelligence, surveillance, and reconnaissance systems</a>	Saudi Arabia	142

table continues

**Defense and aerospace** (continued)

<a href="#">Etihad Airways: Purchase of 28 Boeing 787 and 777X aircraft with GE engines</a>	United Arab Emirates	14.5
<a href="#">General Atomics: Sale of MQ-9B drone system</a>	Qatar	2
<a href="#">Gulf Air: Purchase of 18 Boeing 787 aircraft and 36 GE engines</a>	Bahrain	7
<a href="#">Korean Air: Purchase of 103 Boeing aircraft plus GE Aerospace engines</a>	South Korea	49.9
<a href="#">L3Harris Technologies: Develop Airborne Warning and Control (AWACS) aircraft</a>	South Korea	2.3
<a href="#">Qatar Airways: Purchase of 210 Boeing aircraft with GE engines</a>	Qatar	96
<a href="#">Raytheon: Sale of FS-LIDS counter-drone system</a>	Qatar	1

**Energy infrastructure**

<a href="#">ABB: Manufacturing investments in the United States</a>	Switzerland	n.a.
<a href="#">ADNOC with ExxonMobil, Occidental, and EOG Resources: Expanded oil and gas production in the United States</a>	United Arab Emirates	60
<a href="#">Bechtel: Engineering, procurement, and construction services for power/industrial infrastructure in the United States</a>	Japan	25
<a href="#">Carrier: Cooling systems for power infrastructure in the United States</a>	Japan	20
<a href="#">Chevron Phillips: Investments by QatarEnergy in the Golden Triangle Polymers Plant (legacy)</a>	Qatar	8
<a href="#">Energy Fund to finance US-linked energy infrastructure and clean tech projects</a>	Saudi Arabia	5
<a href="#">ExxonMobil: Investments by QatarEnergy in the Golden Pass LNG Terminal (legacy)</a>	Qatar	10
<a href="#">GE Vernova/Hitachi: Construction of BWRX-300 small modular reactors</a>	Japan	100
<a href="#">GE Vernova: Gas turbines and energy solution exports to Saudi Arabia</a>	Saudi Arabia	14.2
<a href="#">GE Vernova: Turbines, high-voltage direct current generators for US power grid</a>	Japan	25
<a href="#">Hitachi: High-voltage direct current links, data center transformers in the United States</a>	Japan	n.a.
<a href="#">Kiewit: Provide engineering, procurement, and construction services for US energy infrastructure</a>	Japan	25
<a href="#">Kinder Morgan: Gas transmission and power infrastructure in the United States</a>	Japan	7
<a href="#">LS Group: Investment in US power grid infrastructure (undersea cables, power equipment, winding wires), including at the LS Greenlink facility in Virginia</a>	South Korea	3
<a href="#">McDermott and Qatar Energy: 7 liquefied natural gas (LNG) offshore projects in Qatar</a>	Qatar	8.5

table continues

**Energy infrastructure** (continued)

<a href="#">Mitsubishi Electric: Generators, uninterruptible power supply, diesel backup, cooling for data centers in the United States</a>	Japan	30
<a href="#">Murata: Multilayer ceramic capacitors, inductors, lithium-ion energy storage system components in the United States</a>	Japan	15
<a href="#">NuScale/ENTRA1: Power for artificial intelligence (nuclear/gas) in the United States</a>	Japan	n.a.
<a href="#">Panasonic: Energy storage systems for artificial intelligence supply chains in the United States</a>	Japan	15
<a href="#">SoftBank Group: Development of large-scale power infrastructure in the United States</a>	Japan	25
<a href="#">TDK: Power modules, components for artificial intelligence data centers in the United States</a>	Japan	n.a.
<a href="#">Toshiba: Power modules, transformers for artificial intelligence data centers in the United States</a>	Japan	n.a.
<a href="#">Westinghouse: Construction of AP1000 reactors &amp; small modular reactors in the United States</a>	Japan	100

**Port infrastructure and shipbuilding**

<a href="#">Commercial and defense shipbuilding, shipyard modernization</a>	Japan	n.a.
<a href="#">Hanwha Group/Hanwha Ocean: Infrastructure at Philly Shipyard (US shipyard and workforce expansion)</a>	South Korea	5
<a href="#">HD Hyundai and Cerberus Capital Management: investment program for modernizing American shipyards</a>	South Korea	5
<a href="#">Industrial capacity expansion to support coproduction of naval and commercial vessels</a>	South Korea	150 <sup>a</sup>
<a href="#">Max Energy: Upgrades to 100,000-ton oil tankers at port in the US South</a>	Japan	0.6

**Technology and artificial intelligence**

<a href="#">AWS + UAE Cybersecurity Council: Sovereign Cloud Launchpad &amp; Cybersecurity Center</a>	United Arab Emirates	n.a.
<a href="#">DataVolt: \$20 billion investment in artificial intelligence data centers and energy infrastructure in the United States</a>	Saudi Arabia	20
<a href="#">Fujikura: Supply of optical fiber cable for US projects</a>	Japan	n.a.
<a href="#">Google, Oracle, Salesforce, AMD, Uber consortium: Transformative tech projects</a>	Saudi Arabia	80
<a href="#">Oracle and Cisco: Data infrastructure, replacement of Chinese servers in Bahrain</a>	Bahrain	n.a.
<a href="#">Qualcomm, ADIO, and e&amp;: Global Engineering Center for artificial intelligence, edge compute, and IIoT (industrial internet of things)</a>	United Arab Emirates	n.a.
<a href="#">Quantinuum and Al Rabban Capital: Quantum research and development of joint venture in Qatar</a>	Qatar	1

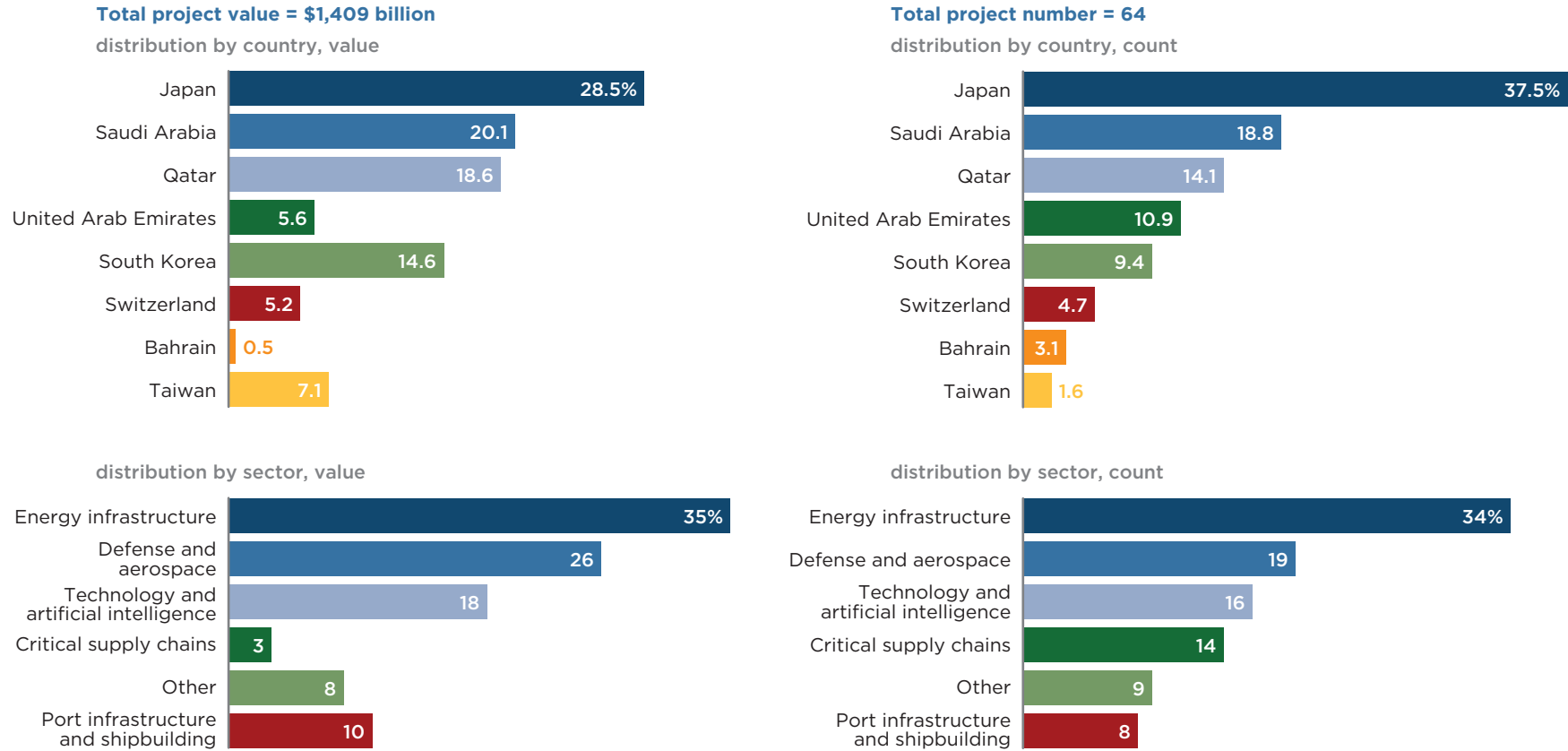
table continues

**Technology and artificial intelligence** (continued)

<a href="#">Roche: R&amp;D sites, new and expanded pharmaceutical manufacturing facilities in the United States</a>	Switzerland	50
<a href="#">TSMC: Advanced semiconductor manufacturing in the United States (expansion of existing projects)</a>	Taiwan	100
<a href="#">10 square mile AI campus (5 GW capacity) in Abu Dhabi, as part of AI Acceleration Partnership</a>	United Arab Emirates	n.a.
<b>Other</b>		
<a href="#">Global Sports Fund targeting US sports franchises, infrastructure, and media rights</a>	Saudi Arabia	4
<a href="#">Hill International, Jacobs, Parsons, and AECOM: Engineering services in Saudi Arabia</a>	Saudi Arabia	2
<a href="#">NASA and Saudi Space Agency: Artemis II CubeSat rideshare</a>	Saudi Arabia	n.a.
<a href="#">Parsons: 30 engineering, infrastructure, and consulting projects in Qatar</a>	Qatar	97
<a href="#">Purchases of US corn, soy, ethanol, and rice</a>	Japan	8
<a href="#">Stadler: Investments in US rail and rolling stock</a>	Switzerland	n.a.

a. This commitment may overlap with other projects listed in this table.

Figure A.1  
**Distribution of America First-related project announcements (percent shares)**



Note: Total project values reflect the sum of estimated expenditures in [table A.1](#), where reported.

Table A.2  
**Timeline of America First pledge announcements, 2025–26**

Date	Document title	Partner	Amount
March 21	Thanks to President Trump, UAE Announces Significant Investments in US Economy ( <a href="#">UAE Embassy</a> )	United Arab Emirates	\$1.4 trillion
May 13	Fact Sheet: President Donald J. Trump Secures Historic \$600 Billion Investment Commitment in Saudi Arabia ( <a href="#">White House</a> )	Saudi Arabia	\$600 billion
May 14	Fact Sheet: President Donald J. Trump Secures Historic \$1.2 Trillion Economic Commitment in Qatar ( <a href="#">White House</a> )	Qatar	\$1.2 trillion
May 16	Qatar-US Strengthen Strategic Relations During President Trump's Visit to Doha ( <a href="#">Qatar Ministry of Foreign Affairs</a> )	Qatar	n.a.
May 15	Fact Sheet: President Donald J. Trump Secures \$200 Billion in New US-UAE Deals and Accelerates Previously Committed \$1.4 Trillion UAE Investment ( <a href="#">White House</a> )	United Arab Emirates	\$200 billion (plus acceleration of existing \$1.4 trillion pledge)
May 17	UAE-US: A Strategic Partnership Built on Five Decades of Cooperation ( <a href="#">UAE Ministry of Foreign Affairs</a> )	United Arab Emirates	n.a.
July 16	His Royal Highness the Crown Prince and Prime Minister Meets with US Delegation ( <a href="#">Government of Bahrain</a> )	Bahrain	n.a.
July 23	Fact Sheet: President Donald J. Trump Secures Unprecedented US-Japan Strategic Trade and Investment Agreement ( <a href="#">White House</a> )	Japan	\$550 billion
July 28	Fact Sheet: The United States and European Union Reach Massive Trade Deal ( <a href="#">White House</a> )	European Union	\$600 billion
August 21	Joint Statement on a United States–European Union Framework on an Agreement on Reciprocal, Fair and Balanced Trade ( <a href="#">European Commission</a> )	European Union	n.a.
September 4	Memorandum of Understanding with Respect to Strategic Investments ( <a href="#">Government of Japan</a> )	Japan	n.a.
October 28	US-Japan Strategic Investment Cooperation: Project List (Annex to Joint Fact Sheet) ( <a href="#">METI</a> )	Japan	Project list for the \$550 billion framework
November 13	Joint Fact Sheet on President Donald J. Trump's Meeting with President Lee Jae Myung ( <a href="#">White House</a> )	South Korea	\$350 billion
November 14	Declaration of Intent between the USA and Switzerland on US Additional Tariffs ( <a href="#">Swiss Federal Council</a> )	Switzerland	n.a.
November 14	Fact Sheet: The United States, Switzerland, and Liechtenstein Reach a Historic Trade Deal ( <a href="#">White House</a> )	Switzerland	\$200 billion
November 18	Fact Sheet: President Donald J. Trump Solidifies Economic and Defense Partnership with the Kingdom of Saudi Arabia ( <a href="#">White House</a> )	Saudi Arabia	"Almost \$1 trillion" (updated from the original \$600 billion)
January 15	Fact Sheet: Restoring American Semiconductor Manufacturing Leadership Through an Agreement on Trade & Investment with Taiwan ( <a href="#">US Commerce Department</a> )	Taiwan	\$250 billion for semiconductors and technology and \$250 billion in credit guarantees

n.a. = not available

Table A.3  
**Timeline of America First investment policy statements, 2025**

Date	Document title	Description
February 21	America First Investment Policy ( <a href="#">White House</a> )	Core presidential memorandum launching the America First Investment Policy (AFIP)
February 21	Fact Sheet: President Donald J. Trump Encourages Foreign Investment While Protecting National Security ( <a href="#">White House</a> )	Companion Fact Sheet summarizing AFIP goals and national security approach to foreign investment
February 21	Fact Sheet: President Donald J. Trump Issues Directive to Prevent the Unfair Exploitation of American Innovation ( <a href="#">White House</a> )	Part of AFIP package; focuses on protection of technology and intellectual property, outbound investment, and export controls
February 21	Defending American Companies and Innovators From Overseas Extortion and Unfair Fines and Penalties ( <a href="#">White House</a> )	Related memo reinforcing AFIP's security and investment posture
March 31	Fact Sheet: President Donald J. Trump Establishes the United States Investment Accelerator ( <a href="#">White House</a> )	Creates a US investment-promotion office
April 2	Fact Sheet: President Donald J. Trump Declares National Emergency to Increase Our Competitive Edge, Protect Our Sovereignty and Strengthen Our National and Economic Security ( <a href="#">White House</a> )	Highlights supply chain vulnerabilities caused by foreign dependence in strategic sectors
April 3	Report to the President on the America First Trade Policy—Executive Summary ( <a href="#">White House</a> )	States that AFIP “serves as a basis” for US approach to outbound investment restrictions
April 15	Fact Sheet: President Donald J. Trump Ensures National Security and Economic Resilience Through Section 232 Actions on Processed Critical Minerals and Derivative Products ( <a href="#">White House</a> )	Investigation into supply chain reliance for critical minerals; proposes tariffs and reshoring
August 13	Fact Sheet: President Donald J. Trump Ensures American Pharmaceutical Supply Chain Resilience by Filling the Strategic Active Pharmaceutical Ingredients Reserve ( <a href="#">White House</a> )	Actions to boost domestic production of active pharmaceutical ingredients; establishes a national strategic reserve
December 4	2025 US National Security Strategy ( <a href="#">White House</a> )	Highlights national security priorities consistent with AFIP, including economic security, supply chain resilience, and technological leadership



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