Peterson Institute for International Economics

The Trump administration's America First investment pledges

March 5, 2026

This is an unedited AI-generated transcript that may contain errors. Please confirm quotes in the corresponding event recording. If you find substantive errors, please contact meetings@piie.com.

[00:00:15.17] - Anna Gelpern

Good morning, good afternoon, good evening, everyone, and welcome to this livestream of our conversation on the America First investment pledges. How they're structured, whether they're realistic, and anything else we might want to know about them. We are talking, our conversation is starting with a policy brief that was recently released, co-authored by my colleagues Greg Auclair, who has worked with us for the past year as our statistician-in-chief, but also who has had— who has worked with UNCTAD and IMF and has a depth of experience in this area. And of course, his co-author, Adnan Mazarei, who has an even deeper depth of experience Naturally, in this area and a wide range of others, he has been with the Peterson Institute since 2019 and worked at the IMF before then and has literally been at the forefront of critical thinking on issues of debt, investment, conflict, post-conflict reconstruction and transition, and many, many others. And then rounding out the panel is my colleague from Georgetown Law, Kathleen Claussen, who is a leading voice on all things international economic law, trade, investment, international business and labor. Dispute settlement, national security, and cybersecurity law. And for our purposes here, she has written some very important work on executive agreements in particular, which I think are at the heart of this discussion.

[00:02:33.03]

So I'm going to hand it over to Greg and Adnan, followed by comments from Kathleen, and then we're going to have a conversation. If you are on Zoom and have Questions, please submit them at the Q&A tab. We are on a much tighter timeframe than I wish we could have, so we may or may not get to all the questions, but if you have burning questions, please absolutely stick them in Q&A. Greg, Adnan, the floor is yours. Thank you.

[00:03:08.15] - Adnan Mazarei

Thank you very much. If you permit, I'll start and Greg will join me. Starting in early 2025, the Trump administration started announcing a number of large investment programs by other countries in the US for the purpose of bolstering the US manufacturing sector, improving the US balance of payments position, and also de-risking, especially away from China. Our study was also intended to answer: Why have other countries agreed to join in? Who is investing how much and over what time period? In which sectors? What's the architecture of the deals? For example, are they enforceable? Who gets to choose projects? And whether countries can actually afford to make those investments. And lastly, what are some of the macroeconomic consequences of these investments for the United States? Our key results were as follows. These investments entail about over $5 trillion. Although the administration has used much larger numbers. For the US, this is an accelerated and expanded use of industrial policy, but one that is meant to be paid for by foreigners. This is highly interventionist economic policy. On the part of the US government. It will raise the role of the US government in the American economy. It will have positive implications if they, if these investments come through, but also it could have harmful effects in the form of weakening American economic governance and institutions.

[00:05:23.06]

They are coercive in the sense that the US has indicated countries to avoid higher tariffs, to remain under the US security umbrella, they need to go along. And why have the other countries agreed? First, to avoid those US tariffs and protectionism, and also many countries need to stay under the US security umbrella. These include the East Asian countries of Japan, Korea, Taiwan, and the Gulf Cooperation Countries of the Middle East. With regard to the Gulf Cooperation Countries, this is also helpful for them to promote their economic diversification programs away from oil. Now, Greg, if you would please go over the amounts involved, the sectors, and whether countries can actually afford to make these investments.

[00:06:34.23] - Greg Auclair

So, thanks, Adnan. Hopefully you can all see the slide here presenting the pledge amounts. So, I'm going to talk first about, you know, our analysis of whether countries can pay, whether it's economically feasible for them, and then we're going to briefly look at the sectoral distribution of projects. So here in this table, I am ordering countries by the amount of their pledge. So you can see that, for example, the UAE has promised around $1.6 trillion. And if you take the first 3 countries, which are all GCC countries, the total is actually around $4 trillion. Then you have some other countries that have entered into trade deals with the US, EU, Japan, and so on. These account for around $2 trillion. So around two-thirds of that $5 or $6 trillion Adnan mentioned is from GCC countries, and the remaining one-third is from other partners. Now, as Adnan mentioned, these pledges have different time horizons. Some countries have committed to carry out these investments over the course of 10 years. Some have a shorter horizon. For example, Japan is committed to carry out its investments over 4 years, and some have no horizon at all. So that's a point of ambiguity.

[00:07:54.16]

You know, when will they actually, you know, make these investments? How will the U.S. measure if there's no time period? As our first pass of whether the countries can pay, whether they have the economic capacity we just compare the size of the pledge to their GDP. And you can see that there is a clear pattern where the pledges are quite large relative to the GDP of the GCC countries, the first 3 here. But you can also see, for example, Taiwan is actually quite large. Now, because these pledges have different time horizons, you know, it would, it could make it easier for some countries to pay over time. So if the UAE is dividing that $1.6 trillion over 10 years, that means it's $160 billion per year. So we might as well compare that to their GDP as well, because there are some different time horizons that show up as part of the pledges. But really, you see that the pattern is the same, that even if you adjust for the time horizon of the pledges, relatively expensive for the GCC countries. Now, some of you might point out in the audience that, you know, GDP is not the only thing that matters.

[00:09:11.29]

These countries in the GCC and some others, they have large sovereign wealth funds. They hold a lot of reserve assets, some of those including US Treasuries. So why can't they use those instead to finance their pledges? And to look at that, we developed a synthetic metric that combines different aspects of, you know, whether countries hold external assets. That's the international assets here, whether they're large outward investors. So that is captured by FDI outflows. And because some of the investment pledges include imports, they're not strictly about FDI. We actually look at whether these countries import a lot from the US or other countries and whether they could reallocate some portion of what they either hold in other countries. So this would be Saudi Arabia having investments in other countries like Germany or France or elsewhere that they could liquidate and then reallocate to the US. So our metric actually still gives a similar picture. This 100% threshold means that given all our assumptions about how much countries could realistically reallocate to the US, the GCC countries still fall below this threshold where, you know, the 100% would mean it would be, you know, fairly, you know, reasonable for them to make their pledge commitments, but in fact they're below.

[00:10:40.03]

And then you've seen most other countries actually are above the 100% on our metric, which means it would be relatively easier for them to meet the amounts. There's still some exceptions.

So we see that for South Korea and Taiwan, it might be somewhat difficult. To meet the commitments based on these external factors alone. Now, moving to the sectoral distribution of the pledges, we are interested in whether the US is carrying out some form of industrial policy, and we do see some coherence in terms of the sectoral focus of the projects the White House has announced. So when the White House announces these broader deals, they tend to include specific projects So this is, you know, investments in factories and then other things like perhaps power plants. So to make the first point, you see that energy infrastructure accounts for one-third of the projects announced by the White House. And a lot of this is actually in coordination with Japan. And the reason there's been a focus on this is because the U.S. is undergoing an AI boom here, and it actually needs investments in energy infrastructure as a complement to that. Because data centers are energy intensive.

[00:11:57.17]

You also see that there's a lot— large industrial defense component. So we have sales of weapons, purchases of Boeing airplanes as one part of that. But there's also concerns about the U.S. industrial base. The idea that because we depend so much on global supply chains and other countries to provide critical inputs, into goods that are made in the US, we are in some sense vulnerable. So you can see here that critical supply chains are actually a fairly large component, and that includes things like critical minerals and pharmaceuticals, where, for example, a lot of pharmaceutical precursor chemicals are made in China, and the US sees that as a point of vulnerability. And finally, you have shipbuilding and port infrastructure as a final concern. So with that, I will turn it over to Anna and, you know, other speakers, but I hope this gives you sort of the flavor of the analysis that we did with Adnan. And then to get more detail, you can go to the policy brief. So thank you.

[00:12:58.06] - Anna Gelpern

Thank you both. And I want to turn it over to Kathleen to help explain how all of this is supposed to happen in legal and institutional terms. What does it mean to— a pledge could be many things. Let's just say that. What does all of this mean to us? Lawyers and others such as. Thank you. Thanks, Kathleen, and thank you very much for doing this.

[00:13:23.18] - Kathleen Claussen

Thanks, Anna, and thanks to Peterson for the invitation. It's a tall charge to talk about sort of how we're supposed to think of all of this from a legal perspective. But I would just say it was a pleasure to read the policy brief, which I found extremely useful. So thanks to you both, just as an ordinary consumer of policy briefs, but also because, as I've mentioned to our authors, I'm working on a project with a colleague, Professor Federico Ortino at King's College London, that seeks to under— understand and unpack these arrangements. And I'm going to use the word arrangement purposefully here. And we're doing that through the perspective of international investment law and public international law. So the timing was good. I'll say that as a means of introduction here, the context of these arrangements is a bit unusual, whether you're an investment lawyer or a trade lawyer because they're somewhere in between, right? They're trying to bring together these discussions about tariffs alongside these commitments that we've just heard a lot about. There's no question though that they regulate commerce between the United States and foreign governments. So they regulate commerce with foreign nations, which is a key phrase because many of you will know that that is the phrase in the Constitution that is assigned to Congress.

[00:14:41.23]

So Congress is responsible for regulating commerce with foreign nations, and the executive branch only can engage in this space if Congress delegates to the branch. So Congress either should be authorizing or approving any arrangement agreement in this space. And as we've heard, that's not been the case with these that we've seen in 2025, but it's also not been the case for many types of similar agreements from years before that. So despite that being what the Constitution says, there is a history that is now several decades old through which the executive has been negotiating trade and investment deals, I'll call them mini deals, without congressional approval or authorization, or at least without clear authorization from Congress. Government officials might find their way to an argument according to which they have that delegation, But I would submit to you that we've seen many agreements over recent years that fall into that gray space or clearly without congressional approval. So you have that on the trade side, and trade these days covers a lot of different topics. We've had it with agreements with Japan a few years ago, with Taiwan a few years ago, but then really with over 100 countries on small issues related to foreign commerce.

[00:16:09.29]

That some would call sort of international regulatory cooperative deals. On the investment side, it's a rather different ballgame because most, most of us investment officials or academics think about bilateral investment treaties as really being the bread and butter, the go-to instrument for foreign investment. Of course, they're not the only ones, right? We have investment liberalization arrangements, promotion arrangements, facilitation, regulation, protection. And this is where Federico and I wonder, are we going into a new bucket here of coercion? Or is what's happening— does it fit in one of those other buckets? But let me back into that. Answering your question, Anna, what we've seen in 2025, to call them agreements is difficult. That's why I use arrangement, because it's legally unclear what we're looking at. Many of them are very— on their face, they say they're non-binding. Some of them we don't actually have the full text yet, or they're so one-sided that they would maybe be more properly considered something we call— lawyers call contracts of adhesion, so one-sided that they can't even constitute a valid contract. And they're quite diverse, right? Of course, Greg and Adnan are focused on these investment commitments. But we look at, in return for a tariff rate promise, governments are making purchase commitments, investment commitments such as these.

[00:17:35.28]

They're reducing regulatory burdens. Regulatory barriers of different types. They're making economic security commitments and still more. The focus next, as the policy brief clearly says, then will be how to implement these. Okay, let's just put their legal status to one side. Who knows, maybe who cares what they are and how we should consider them if Congress is not going to step in and stop this. We've got what we've got. So how are they going to be implemented? That's really where our focus should now be, I would say, as lawyers. Partly again, as a result of the fact that there is no congressional involvement, agencies, the agencies who are involved here can kind of choose their own adventure, right? As to how they're going to implement these. And again, that's not atypical. We have seen in the course of executive agreements, not beyond the economic space, both in economics and beyond it, that agencies are taking different pathways to put these arrangements into US law. And so that's going to be important because as Scott Levy has written, if you check out his blog post on Just Security, there are important US domestic laws that the administration could be breaking by implementing these arrangements in different ways.

[00:18:47.08]

And he names them. There's the Anti-Deficiency Act. There's the Appropriations Clause. I recommend his blog post to you to see all that. But I'll stop here, Anna, simply to say I hope I've conveyed that We've got a couple problems here. We've got problems with respect to the executive-only nature. We've got problems here with respect to how they're going to be implemented and whether those conflict with other areas of US law. And then we can maybe discuss a little bit more in the Q&A what that means for their future. But a lot of legal issues here surrounding this important initiative from the administration.

[00:19:21.11] - Anna Gelpern

Well, thank you so much, Kathleen. And again, thank you to Greg and Adnan. So I have a bunch of questions, of course I do, and I'm gonna just put them all out there and then I will interject as need be, but I do wanna just get sort of the 3 buckets out there. One is something that all 3 of you said here and there, which is that, well, such and such aspect of this is not really new, right? Or, well, this is something that, you know, we've done in this area or that area. And so, and certainly, you know, industrial policy is a big phrase, but it's not one that is, that was invented by the Trump administration, nor has the, you know, nor has the mode of trying to finagle compliance by any means necessary from your friends and others. So what's really new here, I guess, is how much of this is continuity, if we could tease that out in a very focused way, and how much of this is a radical break? Is this a difference of degree or is this a difference in kind? Bucket number 1. Um, bucket number 2, I think Kathleen, you went very deep into this already, but, um, but you didn't, um, I, I didn't, I, I wasn't any more relaxed after you were done.

[00:21:02.17]

Let's just say that I, um, I'm trying to discern a government, uh, like a governance framework here, right? What is the So, if the agencies are all choosing their own adventure and we don't know if anybody is breaking the law until long after it's happened and somebody has complained and somebody has tried to do something about it, right? So, what is the, if you will, ex ante and ex post, I guess, sort of governance regime that we could apply here? And then last but And absolutely not least, and I may just like— I want to make sure we get to this. Some of the consideration for these promises— I do teach first-year contract, so I sort of get to think of it as a contract frame— is a little bit up in the air. So the tariff decision from the Supreme Court surely changed something about our capacity to make certain promises and threats. And the conflict in the Middle East that seems to implicate about at least half of the table, Greg, that you opened with, that surely has to matter to both countries' ability to deliver, their willingness to play, and how we in the United States view this.

[00:22:33.07]

So continuity or change, Governance and recent developments, maybe we can start with Adnan and Greg and then Kathleen.

[00:22:43.01] - Adnan Mazarei

If you permit, I'll do the first and the third question. On the first one, is this approach new? Look, in some ways, for a few hundred years, it's always been America first. The methods pursued and the constraints the United States puts on itself in the pursuit of its economic goals have changed. I, I'm thinking of Commodore Perry sailing into parts of East Asia. I am thinking of the quid pro quos between Saudi Arabia and the U.S. from FDR on. So those are there. What has changed considerably is the core degree of coercion and the openness of the, of the coercion the United States government has been using under President Trump. What else is different? First of all, these are investment arrangements, if you want, but they also include a lot of imports. And it's not always clear how much is imports, how much are investments. That's number one. Number two, some of these agreements have already been in the works and the administration is taking credit for them. For example, the agreement with Taiwan was announced this year. It includes a $100 million deal with TSMC, But that deal was agreed last year. Okay, on industrial policy, this is certainly industrial policy, as I said, but this is one where the U.S. is now trying to get other countries to pay.

[00:24:42.02]

Under the Biden administration, there was industrial policy, but one that was supposed to be accomplished through the payment of subsidies. The sectors are very much similar, except the Biden administration had a strong focus on climate change. Now, on the recent events, two events, as you've mentioned, have happened. One, the Supreme Court, where the court decided that the International Emergency Economic Powers Act may not apply. But the government has turned around and imposed 10% tariffs on other provisions, and the Secretary of Treasury has just announced that that 10% tariff may also be 15%. Okay, question arises: will now other countries go along, given that the power of the U.S. To tariff has been weakened a bit. Our sense is that they won't. First and foremost, the countries agreed because of fear of retaliation, which could also take non-tariff forms. Two, the countries in East Asia and the Gulf Cooperation Council are highly dependent on the American security umbrella, and those will not go away. So you may see some soft, uh, slow walking of these agreement arrangements, but we don't think they will be abandoned. On the war in the Middle East, the war in the Middle East could seriously affect The ability of countries to undertake these pledges.

[00:26:42.29]

First and foremost, East Asian countries are being seriously undermined by the increase in the price of oil and gas. Their markets have fallen like many other emerging market economies, so their ability to undertake these investments has gone down. It's more complicated when it gets to the oil producers of the Gulf Cooperation Council. On the one hand, they will have— prices of oil have gone up, but they may not be able to export, especially through the Strait of Hormuz. For example, Qatar has just totally cut off its oil exports and gas. What you may also see is that while they may not be able to invest as much because they also have to repair the damage to their infrastructure, etc., the US may up the ante and ask them to contribute more to the defense expenditures that the US is incurring for participating, for those military engagements. That's it for me. Greg, to you.

[00:28:04.08] - Greg Auclair

Thanks, Adnan. So I guess I'll take the question about governance and, you know, just talk about what's been going on. And it's going to echo some of what Kathleen said, but I'll try to provide, you know, more detail. You know, first, you know, some of these agreements are sort of framed in diplomatic terms, and there's a lot of wiggle room, I think, on the part of other countries. The ones that are really interesting, at least where we have public information, are Japan and South Korea. And there, you know, we have the terms of the agreement. There are actually a lot of conditions. And, you know, it might help just to talk about, you know, how these, you know, things like project selection are being set out and also the financing arrangements. So first, you know, there's a very explicit quid pro quo in these agreements that the countries will implement their investment pledges or they will face higher tariffs. Second, in terms of project selection, the US government is taking an active role. So first, there is an investment committee that more or less will select to the projects and oversee them, and that will be chaired by the U.S. Secretary of Commerce, Howard Lutnick.

[00:29:20.18]

And that committee, when it selects projects, will send them to the U.S. president for approval. So, you know, the concern with this is that, you know, yes, the U.S. has actually screened investments in the past. There's the Treasury in office that looks at whether investments can go ahead or not based on security concerns. But now we might see politics enter into the project selection process. And the concern is that, you know, because there's a political element, projects might not be selected solely on economic grounds. Now, in terms of the financing, there are also some interesting things going on. So with South Korea, with Japan, we see that the countries, you know, are going to provide the financing.. And the terms of the agreement set out, okay, you know, you make the investment and, you know, the project will generate some cash flow. So you get, you know, payments towards your principal plus interest back. But anything above that, that's, you know, a profit, the US will get a 50% share. Okay. And then once all the principal and the interest are paid back, the US will get 90% of the profits. So that's quite unusual because, you know, these are essentially, you know, something like private investments going into the US, but the US government is taking a cut.

[00:30:47.11]

Also, it doesn't really say what happens if a project is unprofitable. So if the principal is not repaid, it looks like, you know, the countries that are making these investments, namely Japan and South Korea, might lose some of their initial capital. And, you know, that's normally why they would have the profit buffer because, you know, the profits, you know, cover, you know, some of the risk that the investors undertake. But in this case, it looks like, you know, it's possible because of the financial arrangements, the countries could actually not get the full pledge amount back. So it's not like they're going to lose everything, but they could potentially lose some share of the investment that they're committing.. And I think generally they might be— the governments might be concerned about this. And this is also why the concerns around project selection are so important in my view. So I hope that, you know, answers some of your questions about governance, but we could probably talk about this later.

[00:31:45.08] - Anna Gelpern

Yeah, if I could, Kathleen, I would love to get your take, but I also just want to clarify in my own head who's paying for what, who's taking what risk. So let's say Japan has promised to invest this much. Is that— I'm assuming that it could be the government of Japan, but it could also be, or is most likely to be, private entities in Japan. What— so that requires some— that implies a certain domestic governance framework in the investing country, right? And let's suppose a private enterprise from, you know, Japan, from Mauritania, doesn't matter, right, invests in a factory in, I don't know, Ohio, right? The— that company has its own shareholders' profit motives, you know, regulatory commitments. It may be a global diversified corporation, so it may have all kinds of demands on its sort of investment. And they might not— even if the government were willing to just plop X billion dollars down the drain. And, you know, what if it's a losing enterprise? And then, you know, so sorry, money gone, right? But management in private companies doesn't have that luxury. They have to account to their own shareholders. So how do these various kind of levels of public and private governance both on the investor side and on the, you know, on the U.S. side?

[00:33:44.11] - Greg Auclair

How does—

[00:33:45.08] - Anna Gelpern

how do we think of them? Um, Kathleen, among other things, and I, I just— I'm genuinely trying to sort this out.

[00:33:55.10] - Kathleen Claussen

So, well, I don't know if Greg wishes to speak to your question, and then I can come in with your earlier questions as well. But Greg, did you want to—

[00:34:03.12] - Greg Auclair

I mean, I can briefly say that I mean, for Japan and South Korea, what we expect is that they have, you know, their export banks that can provide subsidized financing to firms to help incentivize investments in the U.S. because always, as economists in our mind, you know, we say if an investment is profitable, it's likely that it's already been made. So, you know, what's going to happen, you know, with these more marginal investments and so on, these are probably what, you know, the countries might be going into. And that's just, you know, a concern on our part. It could be that, you know, in things like energy markets, you know, maybe there are some market failures in the US that we're actually not making investments that we should be because there's some constraints. And maybe these pledges will help lift some of those constraints. But, you know, there is going to be some subsidies and so on, you know, paid by foreign governments. But in the end, there is someone at the end of the line, you know, absorbing this risk. Potentially facing losses. And, you know, that's actually for the countries between themselves to sort out, you know, but for now, it looks like it's highly unequal, that the losses are disproportionately going to be concentrated, at least in the case of South Korea and Japan, you know, on those countries that they are not taking their fair— they're taking more than their fair share of risk, let's say.

[00:35:22.11] - Anna Gelpern

So we're assuming— so it is fair to assume that all of these deals are basically government to government, and any private enterprise that gets involved is going to be subsidized on one end or the other. Am I right?

[00:35:35.21] - Greg Auclair

Not necessarily, but it probably, practically speaking, yes. Because what, like what I said, and it might be also that there are frictions with foreign investment into the US. The US is now going to help facilitate.

[00:35:45.27] - Anna Gelpern

Exactly. Yeah.

[00:35:46.22] - Greg Auclair

Bring in these foreign firms and so on. So, you know, I wouldn't say it's all bad.. But I think, you know, on the margins, that, you know, these deals might have to be adjusted just to have more equitable terms. And, you know, then actually maybe you can think about, you know, addressing some of these market failures that might be going on in the US and actually bringing in foreign capital productively. But, you know, that's why we need more clarity on how these projects are going to be governed and so on. So, you know, that's why we really think that the legal part is so important. It's not just pure economics. Yeah.

[00:36:20.04] - Anna Gelpern

And I didn't mean to imply that government-to-government is bad. I just want to understand whether it's government-to-government or whether there's some private shareholder votes somewhere, like introducing frictions into the process, right? But enough about me. Kathleen, sorry.

[00:36:34.18] - Kathleen Claussen

Well, no, I mean, it's an interesting point, Anna, because I think we are seeing, in addition to the ones that we've been focused on and the policy brief concentrates on, we are seeing private sector, US government arrangements, right, that sometimes complement these, or, right, we've already talked about a couple of them, but it's an interesting question to think about how they intersect in addition to these ones that we're focused on here. But let me, so to go back to your several buckets of questions that could take us another several hours to discuss, all great. I think Greg was getting to this, but from an agreement perspective, right, what's new here is this explicit investment commitment in exchange for tariff rate promises, right? And certain of the deals that Greg mentioned, such as in the Japan MOU, those we just haven't seen those before. And for a further legal analysis, I would recommend a blog post by Mona Paulson on the International Economic Law and Policy blog from a few months ago. It really just takes apart exactly, I think, answers some of the questions you were thinking about, Anna, like the governance structure. How do we see this proceeding between Japan and the United States?

[00:37:39.09]

To cut to the chase, a lot of the details of the governance regime, I think, are yet to be understood and how the US is treating these arrangements. Is also yet to be understood for the reasons I mentioned, right? I mean, there's some of these deals we only get from one government and that's not the US. And so there are a lot of theories as to why we have so little understanding, including a question as to whether any of this will ever come to be. But as we saw with Korea, dragging your feet or appearing to drag your feet, it gets the attention of the administration and not in a good way. On the question about the Supreme Court decision, I feel strongly that it does not or should not have an impact here politically or legally. And I mean, there are many suggestions, certainly in the media portrayal of the decision, that the administration's tariff position toward other governments is weakened. But as I've tried to impress upon at least foreign governments for some time now, I mean, that's not the case, right? There are plenty of other powers. We've already seen him use them.

[00:38:36.07]

And the president feels emboldened now, right? So just put that out of our mind, right, that this is going to, I think, as a political matter, but also as a legal matter, have an impact. And to really focus in on the agreements side of the legal question, so to speak, if the administration was relying on the IEPA, the International Emergency Economic Powers Act, to enter into these agreements, that power was not affected. It wasn't challenged. It wasn't before the court. So the only question right there before the court was whether the president could use that law to impose tariffs. Whether he could enter into agreements using that law remains an open legal question. Secondly, we don't have clarity on the legal status of the arrangements, as I've said, but let me be more concrete about that. It's a question that I've been trying to ask, and hopefully if anybody has the answer, please share, because we just don't know how the administration is treating the arrangements with respect to the tariff rates that they promised, right? So if their one promise was that we're going to not give you more than a 12% tariff. When a widget from Japan arrives at the port, what rate is it being charged?

[00:39:48.07]

These arrangements include not just tariff rate maximums, but they also include other promises sometimes from the United States on other types of tariffs like the Section 232 tariffs. So do those orders stand or not? So there are some comments from the administration that suggest that they're trying to get back to certain tariff rates. So does that mean they're applying the new rates that Adnan mentioned, right? Or are they applying the agreed rate from the deal? So that's, I think, the factual question that we need the answer to, to better understand the legal consequences. And last thing I'll say here is that you could kind of put these arrangements in different buckets, right? And I think this is useful when you think about what Greg and Adnan are trying to tell us might be coming. You have some deals where their tariff rates have been implemented on the US side. And so ergo, you would think, okay, the other side should be doing, making those investments, right? There are other second bucket where it may be mentioned in the deal that there's some sort of promise on the US side, but we haven't seen it implemented.

[00:40:48.13]

So what does that mean for the other government? The third bucket, you have the deal that has a tariff rate promise and it's allegedly been implemented, but we don't actually have a notice or other sort of paper to confirm that for us. And then lastly, you have governments that were promised things, but we again, we don't have a copy of it, or it was never written down as some sort of oral arrangement. So long way of saying, I think the US side needs to get itself in order. At least that would be helpful to the importers. But that may not affect the investment commitments, as we've heard from our two experts here. And the bottom line, I think, is just that, that the case is a bit of a red herring in the conversation.

[00:41:26.08] - Anna Gelpern

So we have a question, Kathleen. So it seems important to make clear that the arrangements with other countries do not independently create any authority for the agreed deal rates. Those rates are determined— are terminated, and the rates being applied to imports from deal countries are 122 tariff plus 232.301. So basically these agreements don't create or affect authority to set tariff rates, right?

[00:41:58.24] - Kathleen Claussen

That I think is a solid legal position. I just haven't heard that articulated, right? But there is a theory out there that the government is relying on the deals as the basis for those rates, right? And so they're different. They could rely on— they can't rely on AIPA, but they can rely on— they could try to rely on the deals themselves. And you ask, well, What authority did you have to enter into the deals? They say either AIPA, or they say USTR's organic authority, or they say Article 2 of the Constitution. So I agree with the commenter who is saying that these agreements shouldn't be allowed to be the basis for these rates. But again, I'm not confident that that's not what's happening now. I just don't have that clarity.

[00:42:43.03] - Anna Gelpern

Gotcha. So we are almost at time, and I want to give, uh, you know, Adnan and Greg some, just some room to, uh, give us some takeaways. But the one nagging question I have is, who can complain about this to whom and how if, like, A, the deal is not being implemented, and, or B, if they think that the deal is not, not unauthorized, illegal, or however, you know, just, uh, shouldn't be there.

[00:43:18.08] - Adnan Mazarei

Let me answer some of those, if I may, quickly. I don't think this is going to be a business that's going to be addressed in a complaint forum, okay, nor in the legal frameworks. It's going to be decided by the might and majesty of the United States government and its armed forces and its security force umbrella and its economic might. These agreements may not all materialize. If they do, they will have an important impact on US growth and employment, but I don't think—we don't expect they all come in. Okay? Big questions will be the impact on US institutions, governance, and potential for corruption if if those deals are seen to be going to the favored.

[00:44:12.25] - Anna Gelpern

We are 60 seconds away. Greg, Kathleen, any concluding thoughts?

[00:44:21.26] - Greg Auclair

I will start and I'll be very brief and leave Kathleen the final word. But I would just say, you know, the uncertainty in a sense is, you know, maybe it's a feature, not a bug. That if you're on the good side of the US administration and, you know, they're happy with, you know, what you've been doing, then they don't bother you about the investment pledges. But then if they, you know, feel like you're not going along, then, you know, they start saying, okay, publicly, you know, you have not been meeting your commitments. You know, this is, you know, basically something we agreed on and then we're going to raise tariffs on you. It's justified and so on. Because we had an agreement. So I think, you know, I think the ambiguity, I'm not sure whether that, you know, is intentional or not, but I could see it playing out that way just to speculate.

[00:45:11.01] - Anna Gelpern

Thank you so much. And Kathleen, thank you for answering the questions in real time. I guess my takeaway is that all of this is happening in the shadow of something that I am not entirely capable of defining with any level of precision, and that in and of itself is a bit disconcerting, but Zeitgeist. Thank you all so very much. It's opening a conversation that I'm sure we will continue, and we're very lucky to have your expertise and your insights with us. So thanks so much.