

Disruption & Opportunity

What Tariffs and Immigration Policy Shifts

Mean for Site Selection and Economic

Development







Phil Schneider

PRINCIPAL

OUR TEAM OF LOCATION ADVISORS HAVE A LONG TRACK
RECORD OF SUCCESSFULLY GUIDING THE WORLD'S
LARGEST COMPANIES THROUGH GLOBAL EXPANSIONS.

Novelis











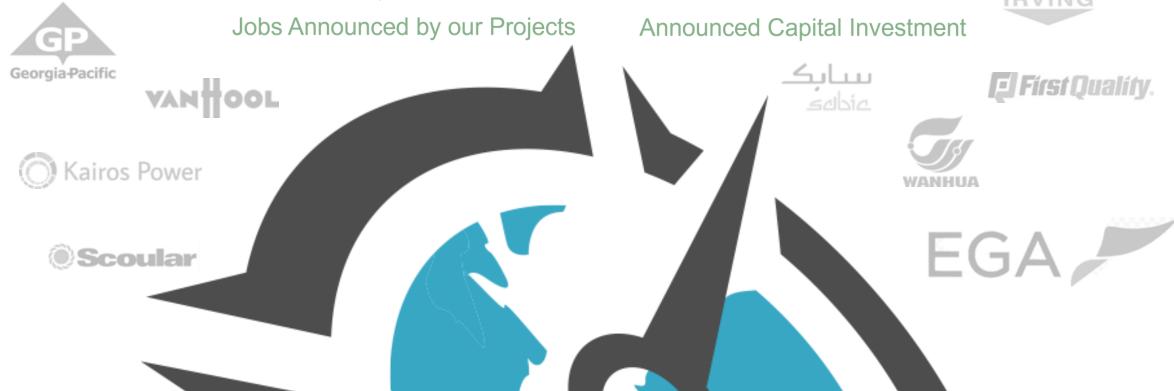
⊘CFIndustries

16,345



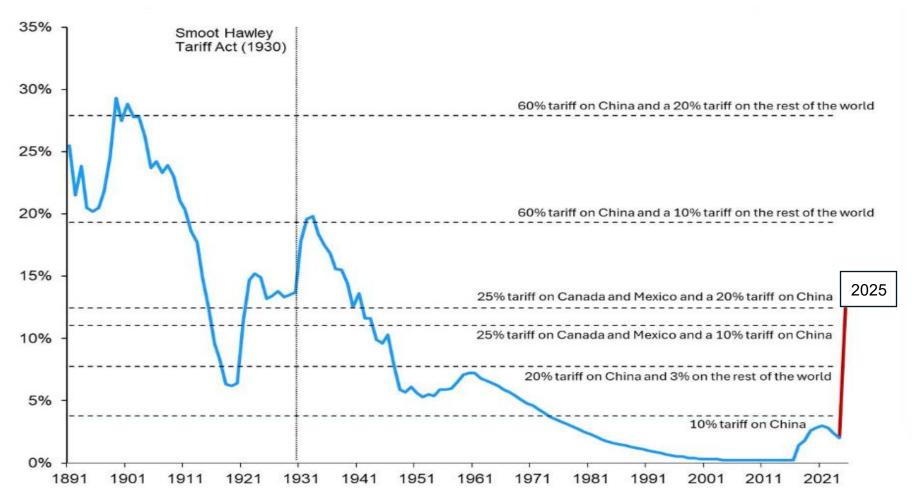
\$46B





Trump Policy Timeline

While not a new policy, current U.S. tariffs are a massive departure from policy over past 50+ years



2025 Trump Tariff Timeline

Feb. 1, 2025 Feb. 10, 2025 Feb. 10, 2025 Feb. 1, 2025 The Trump Administration President Trump signs The Trump Administration President Trump signs an an executive order to announces a delay on 25% executive order to impose announces a one-month impose 25% tariffs on Tariffs on imports from 25% on steel and aluminum delay for tariffs on automotive imports from Canada, Tariffs to take effect on related trade between the U.S., Canada, Mexico and China Canada and Mexico Mexico and China March 12 March 26, 2025 June 5, 2025 May 28, 2025 July 7, 2025 President Trump signs an The Trump Administration The court of International President Trump announces executive order delaying announces 25% on vehicle Trade rules Trump a 50% tariff on steel and the implementation of his import tariffs to take effect administration's use of the aluminum imports, doubling proposed reciprocal tariffs on April 2 International Economic the previous 25% rate originally set to take effect **Emergency Power Act to** on July 9, until August 1 institute sweeping tariffs is illegal. The decision was appealed. Now moving to the Supreme Court

2025 Trump Tariff Timeline

July 29, 2025

Aug. 1, 2025

Aug. 29, 2025



The Trump's administration's Aug. 1 deadline for reciprocal tariffs passed with a variety of a major U.S. trading partners having already reached new trade agreements.

Since August 7, for most of the EU imports to the U.S., 15% tariffs are in place

the authority to levy them.

that most of the tariffs imposed are unlawful. The U.S. Court of Appeals for the Federal Circuit, in a 7-4 decision, found that the emergency law Trump cited to impose his broad import tariffs did not actually give him

On August 29, a U.S. appeals court ruled

The ruling could affect Trump's wide-ranging reciprocal tariffs announced on April 2, as well as tariffs imposed on China, Canada, and Mexico aimed at pressuring those countries to curb shipments of fentanyl into the U.S. But the court allowed the tariffs to remain in place through Oct. 14 to give the administration time to appeal to the U.S. Supreme Court.

2025 Trump Tariff Timeline

Sept. 25, 2025

Oct. 14, 2025

The U.S. announced it would impose new tariffs on heavyduty trucks (25%), upholstered furniture (30%), kitchen cabinets & bathroom vanities (50%), and banded/patented pharma products (100% unless the manufacturer is building a factory in the U.S.)

China has largely stopped buying US soybeans. (AP reports China has traditionally bought at least 25% of all U.S. soybeans. New tariffs were imposed on imports of softwood lumber, upholstered furniture, and kitchen cabinets.

Some of these tariffs are scheduled to increase further on January 1, 2026.

More to Come...

Nov 10, 2025

• Expiration of the U.S.-China tariff truce

Jan 2026

 Potential EU implementation of stricter steel tariffs on UK imports, impacting the British steel industry.

Jun 2026

 Expiration of the current UK-EU post-Brexit trade deal, which could lead to new trade negotiations or tariff changes

Ongoing Considerations

- Legal Challenges
- Sector-Specific Impacts
- Global Trade Relations

2025 Trump Immigration Policy Timeline

Executive Order 14160: "Protecting the Meaning and Value of American Citizenship"

 Order aims to reinterpret the 14th Amendment, ending birthright citizenship for children born in the U.S. to undocumented immigrants or those on temporary visas.

January 29, 2025

Asylum Policy Overhaul:

- New expedited asylum process for low-risk applicants
- Credible fear standard tightened with a detailed checklist
- I-589 asylum application deadline reduced to 45 days from entry (previously 1 year)

April-May 2025

January 20, 2025

Executive Order 14159: "Protecting The American People Against Invasion"

- Executive order expands expedited removal procedures
- Denies federal funding to sanctuary jurisdictions
- Increases penalties for undocumented immigrants

The Laken Riley Act:

- Legislation mandates the detention of undocumented immigrants charged with certain crimes
- Allows states to sue the Department of Homeland Security for enforcement failures

February– March 2025

- USCIS Form Updates: Marriagebased green card forms revised with stricter fraud scrutiny.
- Digital Filing Mandate: All asylum applications must be filed online.

2025 Trump Immigration Policy Timeline

USCIS Policy Memos:

- Good Moral Character Evaluation
- Anti-Americanism Consideration
- Family-Based Immigration Scrutiny

SCIS new naturalization civics test implementation:

 Agency posted Federal Register notice for the 2025 version of the civics test, part of ongoing overhauls of the citizenship test and naturalization standards.

August 2025

July 2025

One Big Beautiful Bill Act (OBBBA) Signed:

 Law includes sweeping changes affecting immigration, federal benefits, and eligibility for assistance programs for many lawfully present immigrants.

September 2025

Temporary Protected Status ended

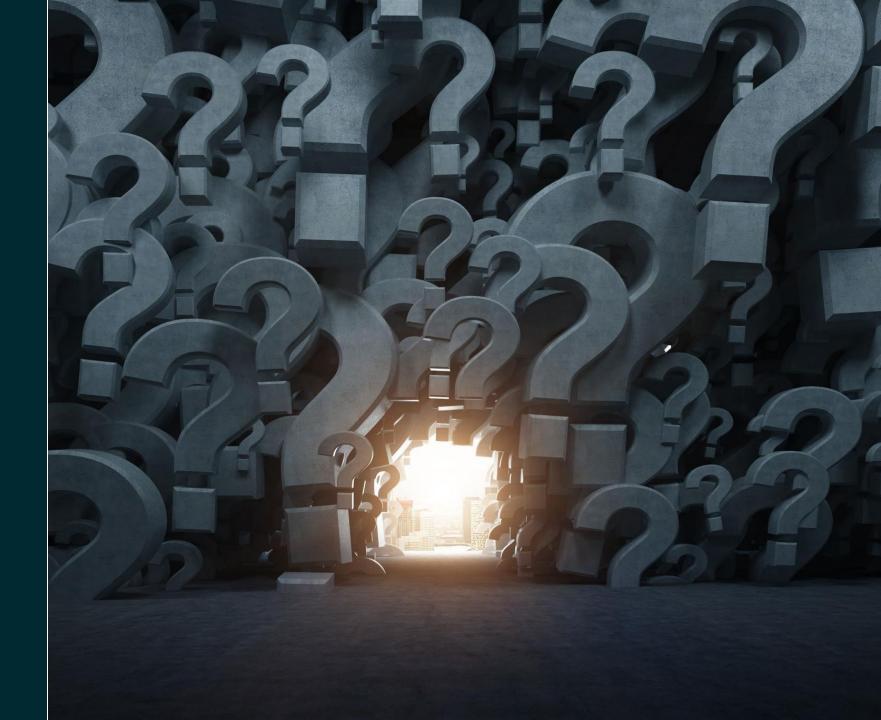
 Impacts who had temporary legal protection; and opportunities for adjustment might be limited



...ECONOMIC UNCERTAINTY

...BUSINESS
HATES
UNCERTAINTY

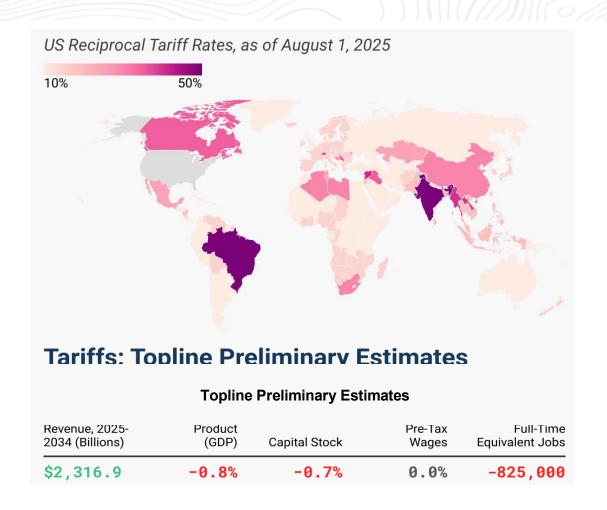




Impacts

Macro & National

2025 Tariff Environment (w/o retaliatory tariffs)



Tariff environment 2025: 10-50% tariffs on 60+ countries

Effects	With IEEPA tariffs	Without IEEPA tariffs
Tariff Rates	Applied rate rises to 19.0%, with an effective rate of 11.6% (the highest since 1943)	Applied rate rises to 6.3%, with an effective rate of 4.1% (the highest since 1973)
Economic Effects	\$2.3T revenue (conventional) / \$1.5T (dynamic), and reduce the US GDP by 0.8%.	Reduce the total revenue raised on a conventional basis by \$1.7T to \$573 BN over 10 years and reduce the negative GDP effect to 0.2 percent.
Household Impact	Market income -1.5% in 2026; avg. household tax hike \$1,300 (2025) and \$1,600 (2026)	Smaller hikes, \$300 (2025) and \$400 (2026).
Revenue Effect	\$171.7B (0.56% GDP), largest tax hike since 1993	\$38.3B (0.13% GDP), not among top 20 hikes since 1940.

Source: Tax Foundation General Equilibrium Model, September 2025

Tariffs have disrupted global trade flows, leading to retaliation from trading partners, exacerbating negative economic and household impacts.

Economic Growth



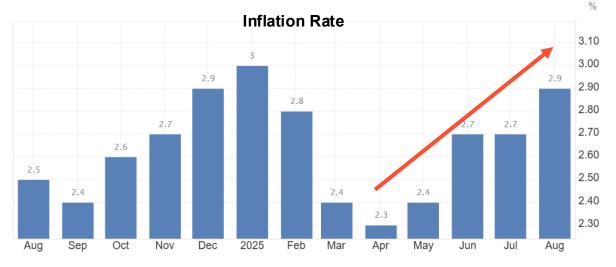
- U.S. growth is expected to slow sharply, with 2025 forecasts at about 1.4%, down from 2.8% in 2024.
- Trump's tariffs could lower long-run U.S.
 GDP by around 6% over the next 30 years



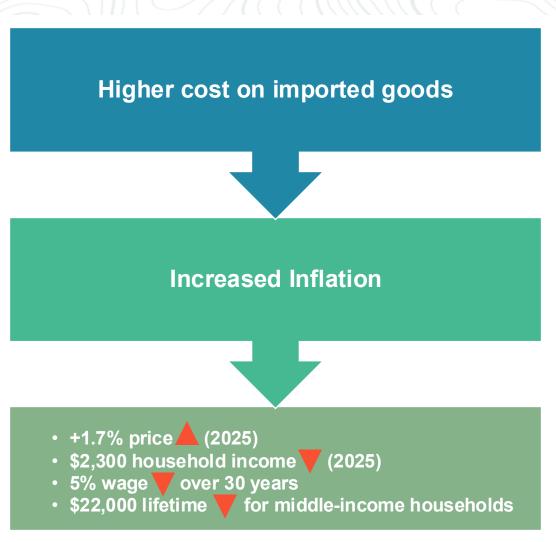
The International Monetary Fund projects **3% global growth** in 2025 (**down from 3.3%** in 2024), partially due to the tariffs.

Inflation & Rising Costs





Source: Trading Economics, U.S. Bureau of Labor Statistics



Source: Penn Wharton Budget Model (University of Pennsylvania)

Slow down in Investment & Job Growth Trajectory

Manufacturing construction spending dropped by ~7% over the past year.

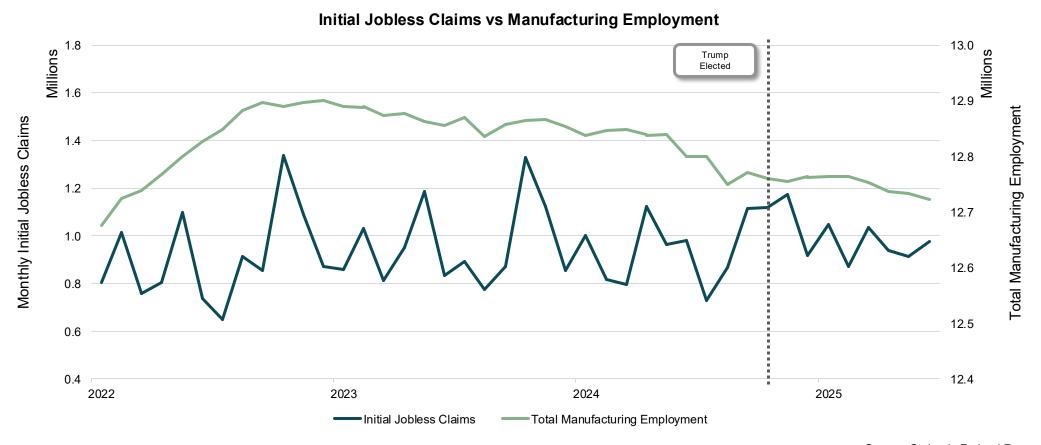
Manufacturing Construction Spending in the U.S.



Source: St. Louis Federal Reserve Bank

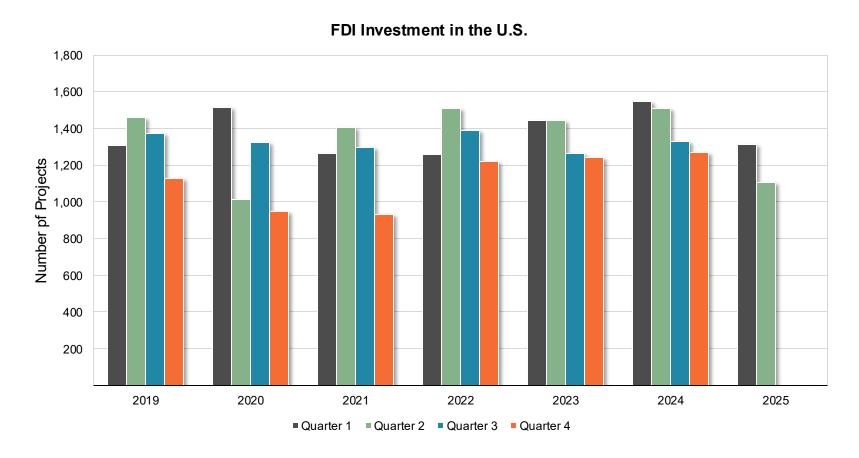
Investment & Job Losses

U.S. manufacturing employment fell in August 2025 to its lowest level since 2022, while jobless claims fluctuated around the 900,000 throughout 2025, underscoring continued labor market instability.



FDI Effects

All foreign investment in the U.S. in Q2 2025 fell to its lowest second-quarter level since 2020.

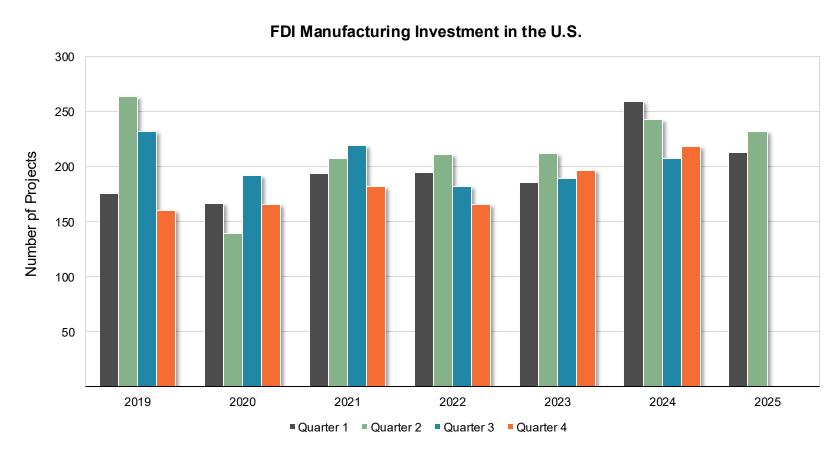


EDOs across the US report that shifting trade policies are deterring FDI location projects.

Source: fDi Markets

FDI Effects

Manufacturing foreign investment in Q1 and Q2 has slowed compared to 2024; however, the number of projects remains relatively strong compared with earlier years.



U.S. FDI is waning as countries shift trade from the U.S. to other countries or invest capital elsewhere.

Source: fDi Markets

FDI Effects

Q2 - 2020

Q1 - 2021

Q4 - 2021

FDI dipped in Q1 2025 amid tariff uncertainty but rebounded in Q2



Q3 - 2022

Q2 - 2023

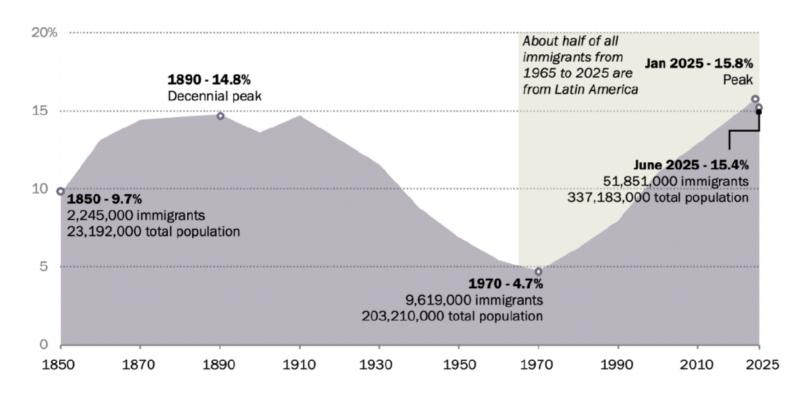
Q1 - 2024

Source: St. Louis Federal Reserve Bank

Q4 - 2024

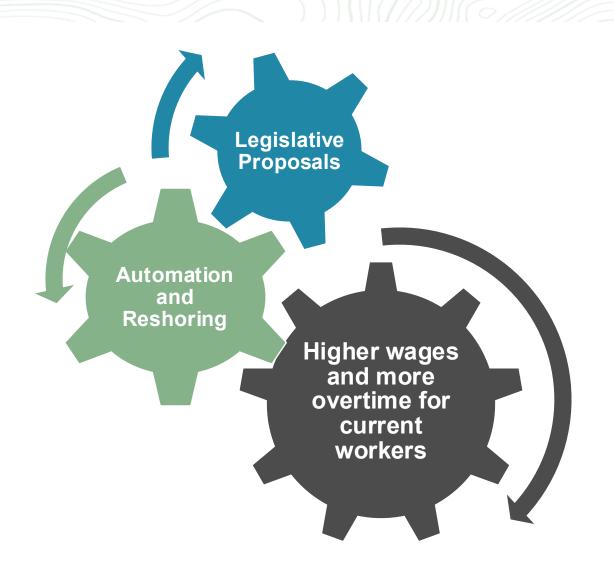
2025 Immigration





- **51.8 MM** immigrants resided in the US.
- Immigrants accounted for 15.4% of the total U.S. population (a slight decline from the recent historic peak of 15.8%).
- Immigrants made up 19% of the U.S. labor force (down from 20%), representing a decrease of more than 750,000 immigrant workers since January 2025.

Wage Pressure



Responses to Labor Shortages

Policy:

 Lawmakers are weighing reforms to make temporary worker programs easier and more attractive

Employer strategies:

- Raising wages & adding overtime → higher costs
- Investing in automation & Al → longterm solution, not immediate
- Recruiting U.S.-born workers → limited success for physical/specialized roles

Industry Implications

The Winners and Losers

Industry Winners

DEFENSE AND NATIONAL SECURITY



- Biomanufacturing
- Machine tools
- Microelectronics
- Shipbuilding
- Defense transportation equipment
- Pharmaceuticals

OTHER MANUFACTURING



- Steel and aluminum
- U.S.-based automotive manufacturers with robust domestic supply chains
- Textile and apparel producers, particularly niche segments

TECHNOLOGY



- Semiconductor manufacturers
- Software, IT, and digital service providers (Increased demand as manufacturers seek to automate, optimize supply chains, and shift global procurement strategies)

ENERGY & RAW MATERIALS



- Domestic oil and gas producers
- Petroleum products
- Electricity
- Wood/Lumber

FINANCIAL SERVICES



 Banks and investment firms with a U.S. domestic focus

Industry Losers

CONSTRUCTION



• Increased costs for imported steel, aluminum, copper, and lumber.

AGRICULTURE



- Retaliatory tariffs from China and the EU.
- Reduced demand for U.S. exports of soybeans, corn, dairy, pork, and associated supply chains.

SOME MANUFACTURING SECTORS



Manufacturing sectors with significant imported raw materials, M&E, components: E.g., electronics, automotive, machinery, construction equipment.

ELECTRONICS

 Consumer electronics with imported components imported (particularly Asia).

AUTO PARTS AND VEHICLES



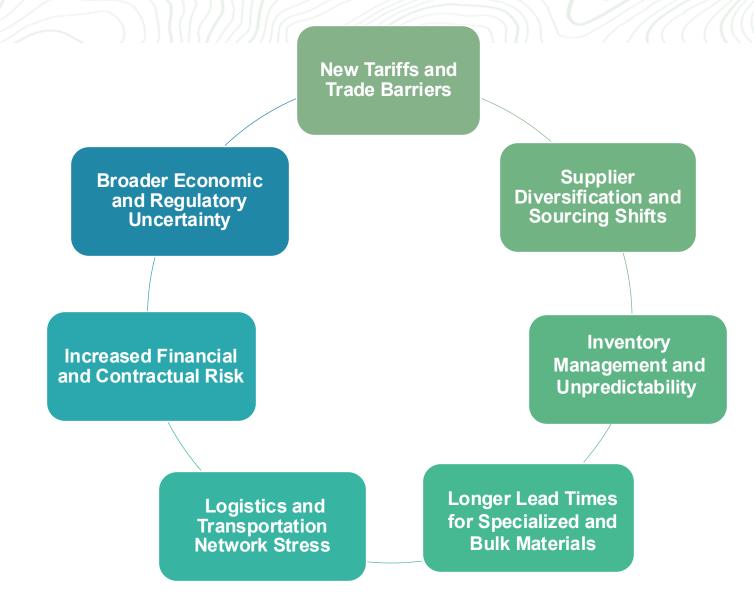
• Auto parts and vehicles dependent upon imported components.

ENERGY



 Increase in costs of imported materials such as steel, aluminum, and solar panels for wind and solar projects.

Impact on Supply Chains



Regional and Global Outcomes

Most Benefitted and Most Hurt

Regional Winners and Losers



Impact on Our Neighbors

MEXICO:

- Could push Mexico into severe economic recession, resulting in:
- Sharp drop in Mexican exports
- Disruption of integrated cross-border supply chains



- Significant job losses
- Reduced FDI from other countries
- Exacerbate migration pressures toward the U.S. and potentially worsen organized crime
- Could shift Mexico's geopolitical alignment away from U.S. and toward other global powers.

CANADA:

- Significant GDP decline: Could shrink Canada's GDP by 6% (Bank of Canada)
- Significant job losses



- · Weakened global industrial competitiveness
- · Loss of confidence in North American trade and shifting of business and operations elsewhere
- Reduced FDI
- Higher construction costs
- Canadian industry will diversify and not rely any on the US as its only trading partner

Tariff Impact on U.S.-built Pickup Truck Piston

Auto parts cross the US-Mexico-Canada border several times creating potential for significant industry disruption and price increases

How tariffs will apply on a piston for a pickup built and sold in the U.S.

- 1. Raw aluminum comes from Quebec.
- 2. The aluminum is melted and cast into a piston in Toronto.
- 3. The piston crosses the Canada-U.S. border for machining and finishing in Detroit.
 - +25% tariff on the piston's value by May 3.
- The piston is sent from Detroit to Windsor, Ontario, for engine installation.
 - No tariff as auto parts are exempt from Canada's tariffs.
- 5. The engine returns to the U.S. for installation. **+25% tariff on its value** because an engine is a designated powertrain component.
- 6. Automaker builds the vehicle in the U.S. While the vehicle itself has avoided a tariff, it now has input materials that may have been tariffed multiple times.



Texas Impact

Industries Hardest Hit

Sector

Manufacturing

Agriculture

Technology and Consumer Goods

Energy

Why Texas is impacted

Texas' machinery, electronics, and auto industries depend on global supply chains

Texas exports cattle, cotton, grains, and other commodities

Texas imports large volumes of electronics and consumer goods

Sector deeply tied into global supply chains and cross-border trade with Mexico

Tariff Impact

Raising costs for manufacturers

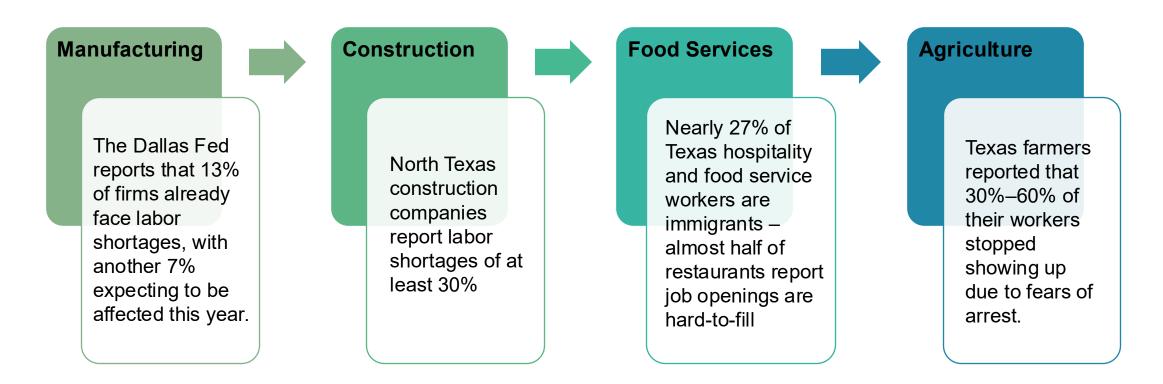
Reduced demand abroad hurting the state's farmers

Higher costs pressure retailers and consumers.

Increased costs for refineries and energy firms

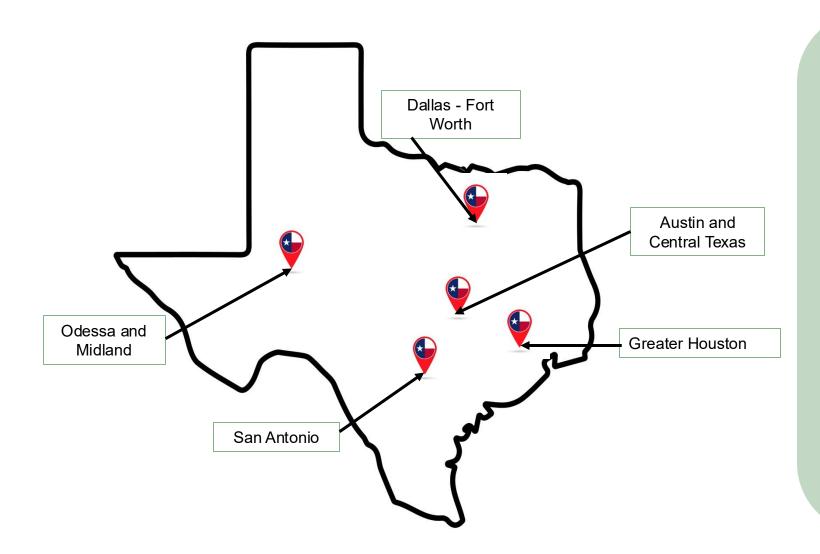
Despite its diverse economy, Texas has been hit hard by tariffs, estimated to have cost it \$6B through first half of 2025 - business and consumers grappling with rising prices and diminished exports

Worker Shortages - Sectors Most Impacted



Labor-intensive jobs (framing, roofing, concrete, farm labor) struggle to recruit U.S.-born workers for jobs long filled by immigrants - farmers in Texas reported between 30-60% of their workers stopped showing up over fear of arrest

Regions with Positive Opportunity



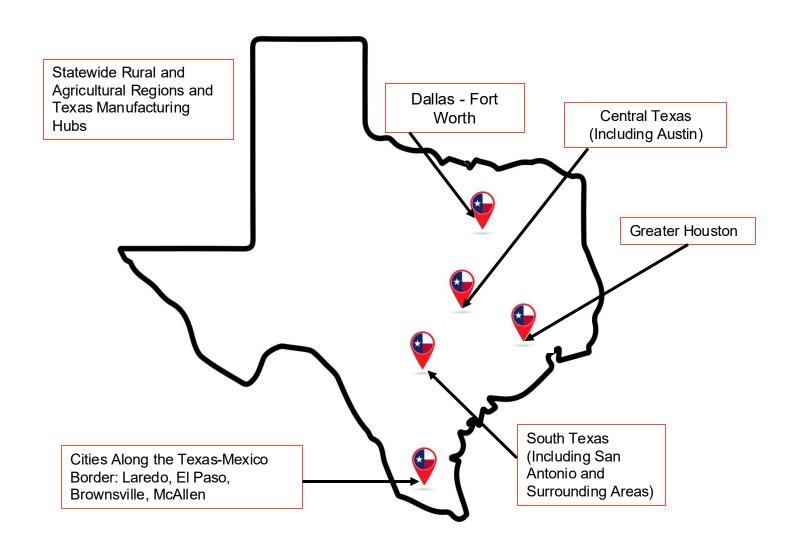
Relative "Winners"

- Larger, diversified industrial and technology cities: Dallas, Houston, San Antonio, Austin
- Emerging manufacturing centers:
 Odessa, Sherman, Taylor
- Benefit from reshoring, new domestic projects, and FDI pivoting away from tariff-affected imports

But...

- Broader Texas economy remains more exposed to downside risks
- Even in "winning" metros, gains are industry/project-specific, not across metro economy
- Net effect: localized gains but widespread hardship especially in rural areas

Regions More Negatively Impacted



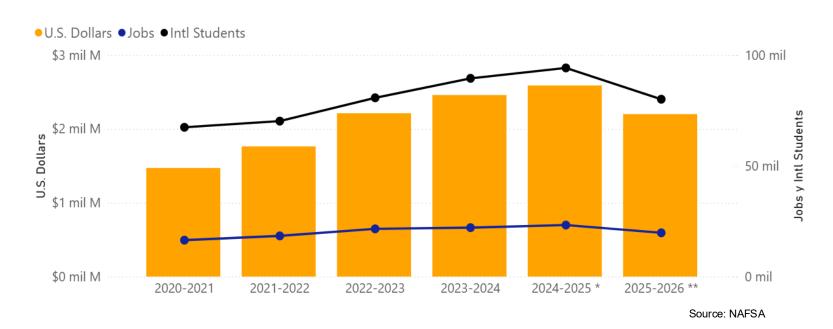
- Rural/agricultural regions statewide
- Border cities
- South Texas hubs
- Major metros

...will bear the brunt of:

- ☐ Job losses
- ☐ Cost increases
- ☐ Supply chain disruptions

Labor & Skills Gap

International Student Enrollment Outlook & Economic Impact to Texas - A Five-Year Trend

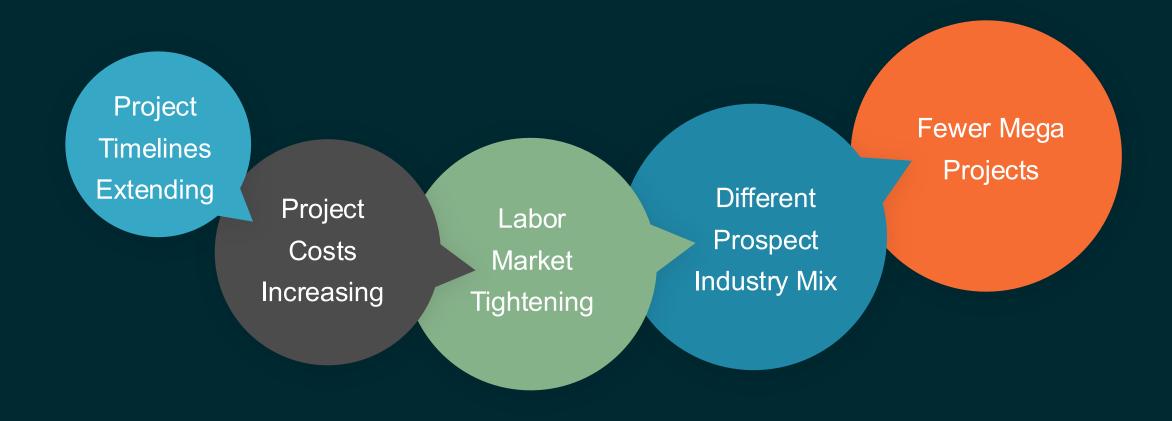


- Universities losing revenue from reduced tuition
- Fewer skilled workers in the future
- Texas universities projected to see a ~15% drop in international student enrollment.
- Economic contribution expected to fall from ~US\$2.6 billion to ~US\$2.2 billion.

Implications

For Site Selection & EDOs

Impact on Site Selection and Economic Development



EDO Response – Never waste a crisis



01

- Keep stakeholders & policy makers informed
- Lead stream volume

- Industry mix
- Decision timeframes



Adjust Goals

• Fewer and smaller projects

• Longer decision-making timeframes



Recalibrate Targets

• New mix of growth industries

New domestic and FDI sources



Workforce Development

Low and high skill shortages looming

• Close collaboration with recruitment and training allies



Improve Product & Inventory Mix

Rebuild inventory

· Infrastructure improvement





Trump Economic Policy is Significantly Impacting Site Selection and Economic Development



Economic Uncertainty Reigns

There will be winners



Project Costs are Rising

There will be losers



Timelines are Extending

Texas will experience both

Thank You

Q&A



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