Flash Economics

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The United States' plan for reindustrialisation

A key objective of the Trump administration is to reindustrialise the United States. To this end, it is using tariffs, which make it more difficult to export to the United States, and pressure on other countries to increase their investments in the United States and their orders, particularly for American military equipment.

We are beginning to see a rapid growth in investment by American companies, which is due to this policy but also to investment in artificial intelligence and data centers. However, reindustrialisation will also need to be financed. To this end, the Trump administration has committed to:

- Deregulating banks (lowering capital ratios, less stringent stress tests), which will enable American banks to lend more to the economy;
- Developing the market for stable coins, invested in US Treasury securities, which could push down long-term interest rates;
- Supporting the US stock market (lowering interest rates, accepting a bubble in the technology sector, supporting the international development of US tech companies) in order to attract foreign capital to the United States.

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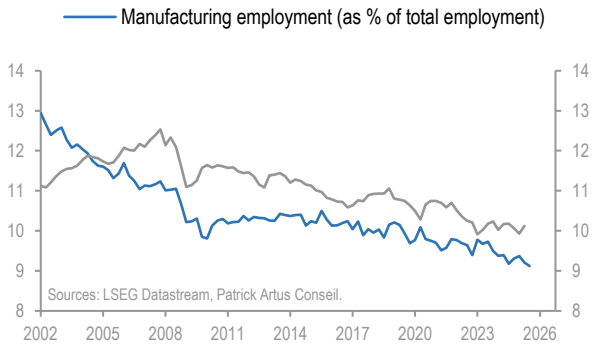
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The objective of reindustrialisation in the United States

One of the Trump administration's key objectives is the **reindustrialisation of the United States**, where the manufacturing industry's share of value added and employment has fallen significantly (**Chart 1**).

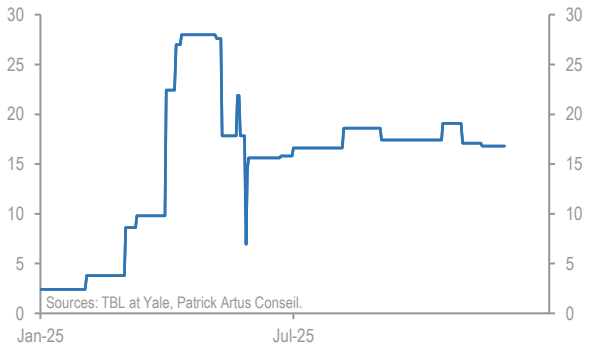
Chart 1
United States: Employment and value added in the manufacturing sector



To achieve reindustrialisation, the Trump administration is using:

- **Tariffs** (**Chart 2**);

Chart 2
United States: Duties collected on total imports (as %)



- **Pressure on foreign governments and foreign companies** to increase their investments in the United States, particularly in the purchase of military equipment.

We are indeed beginning to see a **recovery in investment** (**Chart 3**) **and manufacturing output** (**Chart 4**) **in the United States**, which is due to these policies, but also to extremely strong growth in investment related to artificial intelligence, particularly **investment in data centers**.

Chart 3
United States: Real private non-residential gross fixed capital formation (Y/Y as %)

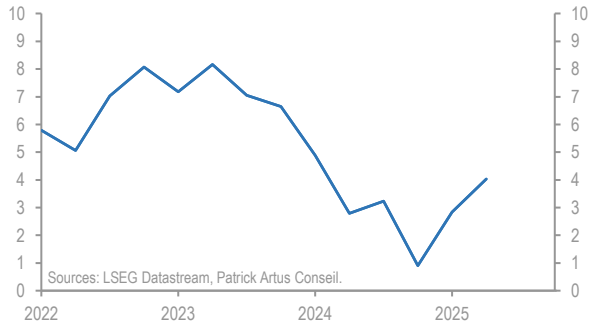


Chart 4
United States: Manufacturing production (100 : 2010.M1)



The issue of financing a significant increase in investment in the United States

Reindustrialisation, if confirmed, and the development of artificial intelligence will **lead to a significant need for investment**. The question therefore arises as to **how this increase in investment will be financed**.

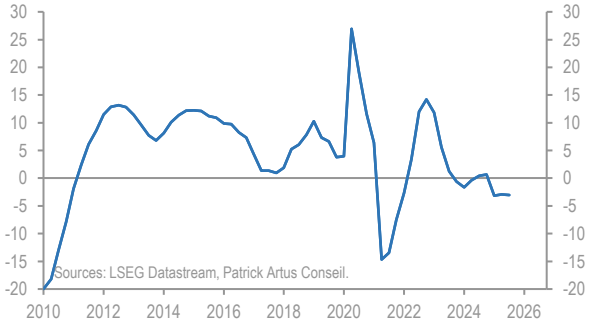
1. Easing of banking regulations

This involves:

- **Not implementing the expected capital adequacy rules** (known as 'Basel III Endgame'), which would have required a 20% increase in banks' regulatory capital;
- Reducing the additional capital requirements for the largest banks (G-SIBs, Global Systematically Important Banks);
- Reducing the Supplementary Leverage Ratio (SLR), which is calculated as the ratio of Tier 1 capital to risk-unweighted assets; this ratio could fall from 5% to a range of 3.4% to 4.3%;
- Simplifying **stress tests** for banks.

If these reforms are implemented, growth in bank lending to businesses could accelerate (**Chart 5**).

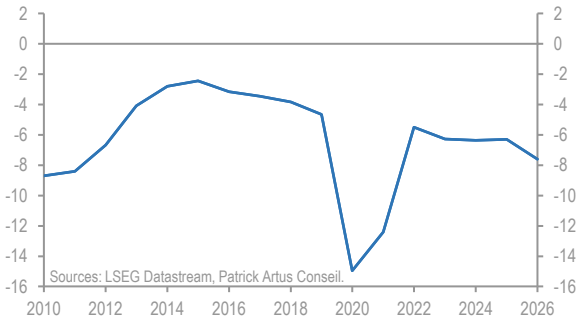
Chart 5
United States : Commercial and industrial loans (Y/Y as %)



2. Development of the stablecoin market

The **stablecoin** market reached $312 billion at the end of October 2025. The Trump administration supports the development of this market, probably with the aim, since stablecoins are mainly invested in US Treasury securities, of **making it easier to finance the US budget deficit** (**Chart 6**) and thus **lowering long-term interest rates**, which is favourable to investment and reindustrialisation.

Chart 6
United States: Budget deficit (as % of nominal GDP)



3. Attracting capital to the US equity market

If non-resident capital is attracted to the US equity market, it will be easier to finance increased investment in the United States. We can see that the **attractiveness of the US equity market will be enhanced** by:

- Cuts in the **Federal Reserve's interest rates** (**Chart 7**), which will particularly underpin technology stocks (**Chart 8**);

Chart 7
United States: Eurodollar contracts (3-month)

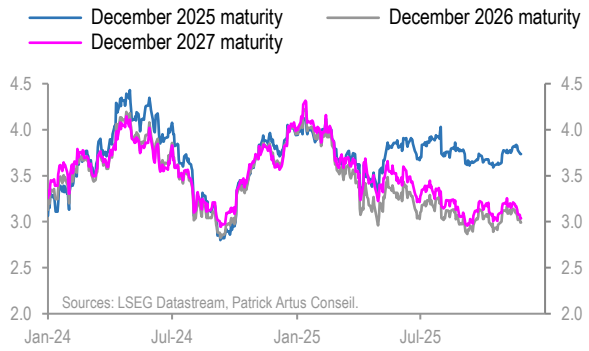
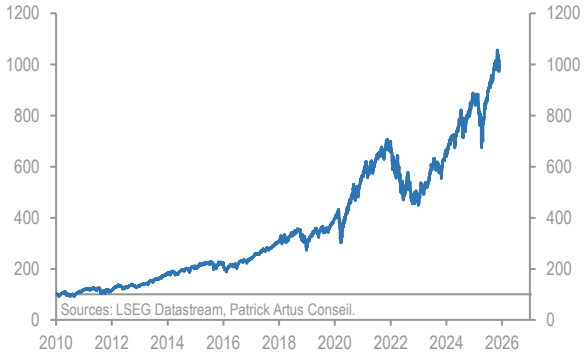


Chart 8
United States: Nasdaq stock market index (01.01.2010 = 100)



- The Trump administration's actions to **facilitate the international development of US tech companies** (request made by the US administration that regulations do not apply to such companies, in particular European regulations, CSRD on sustainability reporting, CS3D on duty of care).

Summary: a consistent economic policy

The Trump administration's policy is consistent. It is based on the desire to reindustrialise the United States (hence the tariffs and the pressure on foreign governments and companies to increase their investments in the United States). Reindustrialisation requires increased investment. Everything is being done to ensure that these additional investments can be easily financed:

- Deregulation of banks;
- Development of stablecoins;
- Support for the US stock market and the international development of US technology companies.

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