Export Opportunities for U.S. Machinery Manufacturers Under Trump 2.0

Emerging Strategy

Adil Husain
Managing Director
Emerging Strategy

Introduction

For mid-market manufacturers of specialized machinery and industrial equipment, the potential return of a Trump administration offers a unique set of opportunities and challenges. Trump's policy framework is characterized by protectionist measures, deregulation, and a focus on traditional energy sectors. While these policies may create short-term gains for some domestic industries, mid-market manufacturers with a global footprint will need to navigate a complex international environment marked by tariffs, trade deal renegotiations, and shifting geopolitical dynamics.

At Emerging Strategy, our work in global market intelligence has revealed that mid-market manufacturers who thrive in volatile trade environments are those that make strategic use of market insights, adjust to trade policy shifts, and position themselves to capitalize on targeted export opportunities. Here's how manufacturers of specialized machinery can turn Trump's trade policies into export growth, even in the face of protectionism and global uncertainty.

Tariffs: A Double-Edged Sword

Trump's previous administration aggressively deployed tariffs as a tool to protect U.S. industries from foreign competition, most notably through tariffs on Chinese goods. For manufacturers that serve the domestic market, these measures provided some relief by limiting low-cost foreign competition. However, for mid-market manufacturers reliant on global supply chains or who export their goods, the impact of tariffs has been mixed.

The Impact of Tariffs on Specialized Machinery Exports

Between 2018 and 2020, U.S. machinery exports to China fell by nearly 19% as tariffs on Chinese goods escalated, and China retaliated with its own import duties. According to the U.S. International Trade Commission, the tariffs imposed under Section 301 have continued to affect U.S. exports, with machinery exports recovering slightly in 2022, but remaining below pre-tariff levels. The tariffs added between 15-25% to the cost of U.S.-made machinery in China, contributing to a prolonged shift toward other markets.

Turning Tariff Risks into Opportunities

Despite the challenges of tariffs on exports to China, U.S. manufacturers can capitalize on alternative markets that are growing rapidly. Southeast Asia and India, in particular, present substantial opportunities for U.S. machinery exporters. These regions are undergoing large-scale infrastructure development and industrial expansion. As both areas aim to reduce dependence on Chinese imports and diversify their supply chains, U.S. manufacturers have an opportunity to step in and fill the gap, especially in sectors like construction, energy, and manufacturing machinery.

For instance, as tensions rise between China and its trading partners, many Southeast Asian countries are increasingly looking for alternatives to Chinese-made industrial equipment. According to the ASEAN Secretariat, imports of U.S. machinery and equipment into Southeast Asia grew by 8% in 2022, driven by both a need for high-quality equipment and efforts to reduce dependency on China amid ongoing geopolitical uncertainties.

Case Study

Caterpillar's Export Shift

Caterpillar strategically diversified its focus away from heavy reliance on the Chinese market, shifting more of its export efforts to other regions like India and Southeast Asia. Caterpillar's expansion into India focused on infrastructure projects, particularly in road construction and mining, which helped them mitigate the impact of tariffs and reduced demand in China. By tapping into India's growing need for construction machinery to support its infrastructure development, Caterpillar secured long-term contracts and bolstered its growth in this emerging market.

Favorable Trade Agreements: Strategic Shift for Exporters

Under the Trump administration, trade renegotiations were a core strategy. One of the most notable examples was the renegotiation of NAFTA into the United States-Mexico-Canada Agreement (USMCA), which modernized provisions to cover new areas like digital trade and intellectual property protections while maintaining tariff-free trade between the three countries. For specialized machinery manufacturers, this provided stability in a key export region: North America.

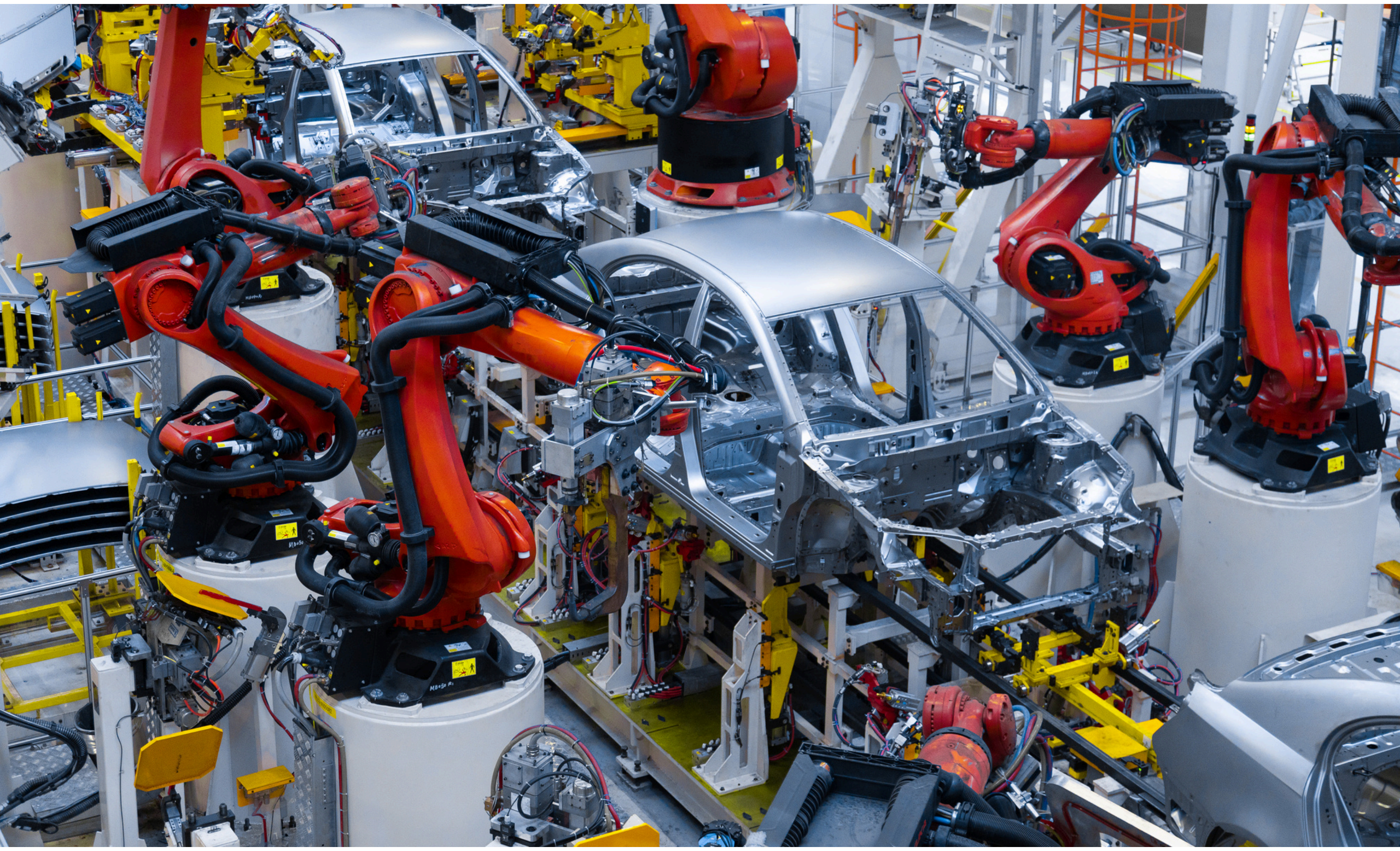
Opportunities in North American Under USMCA

The U.S. exported $52 billion in machinery to Mexico and Canada in 2021, representing a significant portion of overall machinery exports. In 2022, this trade relationship remained strong, with U.S. machinery exports to Mexico growing by 6.5%, driven by increased demand in automotive production, aerospace, and industrial manufacturing sectors. For mid-market manufacturers, USMCA's retention of tariff-free access to Mexico's and Canada's rapidly growing markets is a major win.

Case Study

Growth in Mexico's Automotive Industry

Mexico has continued to see major investments from global automakers, positioning it as the fourth-largest exporter of vehicles globally by 2023. U.S. manufacturers of industrial machinery have benefited from this surge, supplying the highly specialized equipment needed for automotive assembly lines, stamping presses, and robotics integration. With continued investment in electric vehicle (EV) production, U.S. suppliers have a growing opportunity to support Mexico's expansion of EV manufacturing facilities.



Energy Sector Growth: Capitalizing on Traditional Energy Markets

A hallmark of the Trump administration's policies has been strong support for the fossil fuel industry. The rollback of environmental regulations, coupled with policies aimed at boosting oil and gas production, created a fertile environment for companies supplying equipment to the energy sector. Between 2017 and 2020, U.S. crude oil production increased by 28%, largely driven by Trump-era policies favoring domestic drilling and extraction.

Machinery Manufacturers Supplying the Oil & Gas Sector

Specialized manufacturers producing drilling rigs, extraction equipment, and other heavy industrial machinery stand to benefit from a Trump administration's continued support for the energy sector. In 2023, the U.S. Department of Energy projected $360 billion in capital investment for new oil and gas projects through 2027, as global demand for oil rises following the recovery from the COVID-19 pandemic and disruptions in energy supplies due to geopolitical tensions, including the Russia-Ukraine conflict.

Case Study

National Oilwell Varco's Growth in the Oil & Gas Sector

National Oilwell Varco (NOV), a U.S. manufacturer and supplier of equipment for the oil and gas industry, successfully expanded its market share by continuously innovating its drilling technologies, particularly focusing on improving hydraulic systems and drilling equipment efficiency. One of NOV's key innovations was the development of advanced hydraulic fracturing systems that improved energy efficiency and reduced maintenance costs for oil and gas operators.

By aligning its R&D efforts with the needs of the U.S. energy sector, NOV increased its market share both domestically and in international markets like the Middle East and Latin America. As U.S. production grows and global energy demand remains strong, manufacturers providing cost-saving equipment solutions will continue to see opportunities for growth.

Winners & Losers Under Trump 2.0

Type of Equipment	Winners	Losers
Drilling & Extraction Equipment (Oil & Gas)	Strong growth due to Trump's focus on domestic oil and gas production.	Global competition may still outpace U.S. manufacturers, particularly in high-tech drilling solutions
Renewable Energy Equipment	Limited growth potential as Trump focuses on fossil fuels; global demand for renewables may decrease.	U.S. export opportunities may be limited as global markets shift towards renewable energy technologies.
Industrial Automation & Robotics	Could benefit from deregulation and tax relief, but innovation in high-tech areas might lag behind global competitors.	Risk of falling behind international competitors in countries focusing on advanced technologies and renewables.
Construction Machinery	Stable domestic demand due to infrastructure projects but may face higher costs from tariffs on imported materials.	High reliance on import of raw materials may compress margins due to tariff volatility.
Heavy Industrial Machinery (Automotive Manufacturing)	Likely to benefit from USMCA and increased automotive production in North America.	May struggle with rising component costs if dependent on foreign parts, particularly from China.
Precision Tools & Components	Can shift to markets like India and Southeast Asia as opportunities in China decrease.	Increased costs of raw materials (e.g. steel) could limit competitiveness globally.
Steel & Metal Components	Domestic suppliers could benefit from tariff protections, but importers face higher costs.	Firms that import steel and metal components will see increased costs due to tariffs.
Machinery for Fossil Fuel Processing	Stable demand, especially in refining and processing sectors for oil and gas.	Global shift towards renewables could reduce long-term demand outside the U.S.

Export Diversification: Mitigating Risk Through Regional Focus

For manufacturers that have historically relied on exports to markets like China, diversifying exports to new regions will be crucial in mitigating risk under a Trump administration. Southeast Asia, Latin America, and Africa are all regions with fast-growing demand for industrial equipment as they invest heavily in infrastructure development.

Southeast Asia: A Key Growth Market for Industrial Equipment

Countries like Vietnam, Indonesia, and Thailand are rapidly expanding their infrastructure, creating demand for machinery ranging from construction equipment to power generation systems. In fact, Vietnam's industrial machinery imports grew by 11% in 2022, according to the Ministry of Industry and Trade, making it a key market for U.S. manufacturers looking to diversify. Additionally, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which includes Vietnam, Malaysia, and other nations, provides a potential tariff-free market for U.S. machinery exporters.

> **Strategic Takeaway**
>
> Manufacturers that expand their export focus to regions like Southeast Asia can capitalize on these fast-growing markets. We've helped clients identify market entry points through targeted partnerships with local distributors, allowing them to gain traction in new markets while reducing tariff exposure.

Conclusion: Strategic Foresight in a Volatile Trade Enviroment

The next Trump administration could present a mixed bag of opportunities and challenges for mid-market machinery manufacturers. On one hand, protectionist policies and energy sector growth offer clear paths to profitability for companies with the right strategies. On the other hand, global trade uncertainties and tariffs require a more diversified, risk-aware export approach.

At Emerging Strategy, our expertise in global market intelligence helps manufacturers navigate these complexities by identifying key growth markets, developing tailored strategies, and leveraging real-time insights into policy shifts. The manufacturers who thrive in this environment will be those who plan ahead, diversify their export strategies, and adapt quickly to changing conditions—turning policy volatility into a strategic advantage.

About the Author

Adil Husain is the Managing Director of Emerging Strategy. He has extensive experience establishing and growing international businesses in the US, China, Southeast Asia and Latin America, and serves as a mentor and Board Member for various organizations.

Emerging Strategy
www.emerging-strategy.com
info@emerging-strategy.com
Ph: +1 (202) 386 6303
Schedule a Meeting with Our Team