



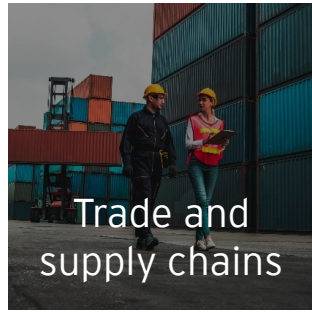
2024 US elections: 6 issues for cross-border businesses

Introduction

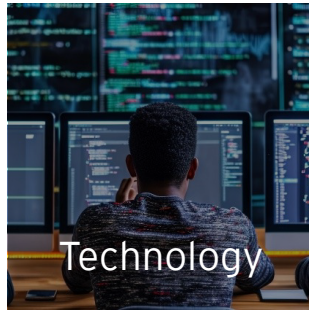
Business organizations and governments across the globe are considering how the outcomes of the 2024 US presidential and congressional elections could impact their economies and businesses. The outcomes of the November elections could bring changes to the US policy landscape, impacting foreign policy, cross-border commerce and trade.

There are clear policy differences between the Democratic presidential candidate, Vice President Kamala Harris, and the Republican candidate, former President Donald Trump. There also are areas where their views are somewhat aligned. This publication provides a rundown of six key issues that matter for multinational businesses and explores policy areas where Trump and Harris may diverge or converge.

The policies of the next president will also be framed by other factors, such as the composition of the US Congress, ongoing geopolitical tensions and the economy. Regardless of these other factors at play, six issues – trade and supply chains, technology, tax, regulatory environment, climate and workforce – remain front and center for many businesses as they plan for potential US 2024 election outcomes.



Trade and
supply chains



Technology

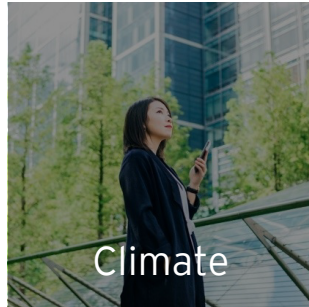


Tax

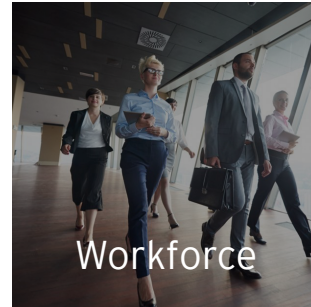
2024 US elections



Regulatory
environment



Climate



Workforce

Quick take

1. **Trade and supply chains:** The Trump and Biden-Harris administrations have been skeptical of free trade and emphasized protecting US manufacturing and supply chains. However, their views on specific methods and approaches vary greatly; Harris would likely maintain or increase the Biden administration's trade priorities, including the focus on climate and worker protections if elected.
2. **Technology:** Tech, particularly artificial intelligence (AI), remains an important policy issue in Washington. Both administrations have recognized AI's potential, but their approaches to regulating the associated risks differ. The Biden-Harris administration issued an executive order (EO) promoting "safe, secure, and trustworthy" AI development, while Trump pledged to rescind this order, citing free speech concerns.
3. **Tax:** The balance of power in Congress will influence not only domestic tax policy, but the US approach to ongoing global debates on issues such as digital services taxes and a global minimum corporate tax. Republicans generally oppose signing on to a global minimum tax. Harris has yet to release a comprehensive tax plan, although she likely would support the deal President Joe Biden negotiated multilaterally for a 15% minimum tax on corporations.
4. **Regulatory environment:** Recent presidents have increasingly relied on executive powers to make policy, causing pendulum swings in regulation. We expect this trend to continue, and the outcome of the upcoming election, when combined with recent court decisions, could significantly change the regulatory environment.
5. **Climate and environment:** The Biden-Harris administration has prioritized climate change policies such as rejoining the Paris Agreement and promoting electric vehicles. If Trump is re-elected, many existing policies may be reversed in favor of those that support fossil fuels over renewables.
6. **Workforce:** Harris and Trump each see themselves as a champion of labor and the working class, but they have different approaches to workforce issues, particularly immigration. The next president may need to use executive authority to address immigration challenges – at the border and in terms of legal and undocumented immigration – as Congress continues to struggle to pass new legislation. Expect immigration policy to remain a divisive issue on the campaign trail.



1. Trade and supply chains: mostly converge

US trade policy has been reframed by recent administrations. Geopolitical concerns coupled with supply chain issues strained by the COVID-19 pandemic have led [policymakers](#) to push for the onshoring, nearshoring and friendshoring of critical manufacturing. Such efforts have bipartisan support, but how to further protect US manufacturing, national security and worker interests remains a point of debate.

Where they converge

The Trump and Biden-Harris administrations share a level of skepticism toward free trade. In fact, the Biden-Harris administration has maintained many Trump-era tariffs, particularly with respect to imports from China. Under both administrations, there also has been a shift in US trade policy, away from the promotion of free trade agreements focused on market access and economic integration in favor of what some observers consider to be protectionist “America first” policies. This policy approach has at times created tensions with all US trading partners, both competitors and allies, and these tensions are expected to continue into the next administration, regardless of who resides in the White House.

On China, both the Trump and Biden-Harris administrations took actions designed to limit perceived economic and national security threats, including imposing tariffs as well as export and investment

restrictions in certain sensitive areas. Some of these actions triggered counteractions by China. This has impacted the global business environment across a variety of sectors. This trend is likely to continue regardless of election outcomes, as could efforts to persuade allies in Europe, the Indo-Pacific region and Latin America to adopt similar policies. The ongoing push to limit or unwind US-China ties is expected to increase risks in the business environment in the coming months.

Where they diverge

A Harris administration trade agenda would include further environmental protections and a heightened focus on worker’s rights, while Trump has indicated he would prioritize reducing trade imbalances through higher tariffs on imports from all countries, especially China. Harris has criticized Trump’s tariff plan and is expected to continue the current administration’s targeted tariff approach to specific products. Overall, Trump’s transactional approach to trade would apply to both allies and non-allies, while Harris likely would continue Biden’s openness to seeking alignment with allies. The 2026 joint review of the US-Mexico-Canada Agreement – which underpins the highly integrated North American economy – will be one significant area where the nuances of the next president’s trade approach will be on display.

2. Technology: both converge and diverge

Despite some governments across the world moving forward with regulations for new and emerging technologies like AI, often affecting US businesses, Washington has taken a slower and more cautious approach. Increasingly, US states are taking the lead legislating in these emerging areas. The next administration will not only help shape the domestic regulatory environment but will also influence global and multilateral regulatory approaches that impact US-based technology companies.

Where they converge

The rapid emergence of AI technologies is the latest issue to capture the attention of leaders in Washington. There is bipartisan recognition that AI holds great promise to lead to scientific breakthroughs and increased efficiencies, as well as of the need to support US leadership on AI policy at the global level. The potential for worker displacement, bias in AI system results and production of AI deepfakes and other frauds are some of the risks that many policymakers on both sides of the aisle want to address.

Where they diverge

Trump has vowed to rescind Biden's executive order on AI, citing free speech concerns and the need to support AI innovation to be able to compete with China. Biden's sweeping EO on AI has the goal of promoting the "safe, secure, and trustworthy development and use of artificial intelligence." The EO launched an extensive process of agency rulemaking and the development of both mandatory and voluntary AI standards, depending on how and by whom the technology is used.

Another area of divergence is e-commerce. The Biden-Harris administration withdrew long-standing US support for policies championed by the Trump administration in World Trade Organization (WTO) negotiations on e-commerce rules, including free cross-border data flows, preventing data localization mandates and not requiring source code review.

Several other technology-related issues also continue to be debated, including:

- ▶ **Social media platforms:** Republicans and Democrats alike have expressed concern about the impacts of social media, particularly with respect to children. The extent to which platforms can be held liable for content shared on their platforms is being weighed against First Amendment freedom of speech concerns.
- ▶ **Cybersecurity:** Ensuring the nation's cybersecurity is a bipartisan goal, but the details of what proactive measures should be taken and the extent to which private companies should be required to share cyber-breach information with the federal government have divided policymakers in Washington.
- ▶ **Data privacy:** Several US states and the European Union have passed legislation addressing individuals' rights to control and limit access to their personal information. However, Congress has been deadlocked on national consumer data privacy legislation for a decade. The right of an individual to sue over violations of any privacy requirement, as well as the extent to which state laws should be pre-empted by a federal statute, continues to be a partisan sticking point in the debate.





3. Tax: mostly diverge

Tax policy has emerged as a key issue on the campaign trail this election cycle. The election outcome will significantly impact tax policy in 2025, in part because Trump's tax cuts, the Tax Cuts and Jobs Act (TCJA), expire in 2025. Another key debate that will come to the fore during the next administration is the US approach to negotiations and implementation of an OECD global tax deal, which include tax rules for multinational corporations.

Where they diverge

TCJA – The looming expiration of the TCJA passed under Trump will drive tax policy debate as Congress decides whether and how to extend numerous individual and small business tax provisions slated to expire in 2025. Trump supports an extension of the TCJA and has signaled support for further cuts to the corporate rate. Harris, in contrast, will likely back a plan with similarities to the administration's FY25 budget, including rate increases on wealthy individuals and corporations.

Global tax deal – Biden helped strike a framework for a global deal in 2021 that included a global minimum corporate tax and the closing of loopholes, but negotiations on a final deal and implementation have been slow. Many large jurisdictions, including the US, have not yet ratified parts of the deal. While Trump has not expressly opined on the deal, Senate ratification may be hard to come by as Senate Republicans have expressed opposition to it.

Where they converge

While Trump has been critical of the Inflation Reduction Act (IRA), some of its climate subsidies have proven popular among businesses and voters, so a full repeal of the IRA remains unlikely under any election outcome scenario. Either a Harris or Trump administration would likely push back against the implementation of digital services taxes, such as the one implemented in Canada, which a bipartisan group of US lawmakers considers to be discriminatory against US tech companies.

4. Regulatory environment: mostly diverge

Historically, Republicans have been more skeptical of regulation than Democrats. However, recent presidents from both parties have increasingly relied on the executive branch rather than legislation to pursue policy goals, due in part to a highly polarized Congress with narrow majorities. But policymaking through regulation is far less durable than legislation and can lead to a regulatory environment with pendulum swings from one administration to the next. Moreover, recent Supreme Court decisions are expected to constrain some rulemaking by the agencies.


Where they diverge

- ▶ A Trump administration would be less inclined to support **multilateral regulatory and standard-setting efforts** and could reverse Biden administration commitments to global technology, climate and financial regulatory initiatives. For example:
 - ▶ **In the financial services sector**, the Federal Reserve, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency are in the [process](#) of finalizing rules on capital requirements for large banks (the so-called Basel III Endgame).
 - ▶ Several Republican senators have expressed [opposition](#) to the proposal, and we expect that Trump would return to a “lighter touch” financial services regulatory environment.
 - ▶ As mentioned in other sections of this publication, a Trump administration would likely reverse US commitments and participation in global discussions around climate, tax and AI, among other issues.
- ▶ For **public companies**, including foreign private issuers regardless of sector, SEC Chair Gary Gensler has pursued a robust and expansive rulemaking and enforcement agenda, targeting everything from digital asset products to cybersecurity disclosures to proxy advisors to AI washing. Harris has not publicly stated her views on these issues.

- ▶ With a second Trump administration, expect the rulemaking agenda to take on a different set of priorities, as the chair sets the agenda. For example, the SEC may revert to a focus on capital formation and streamlining regulatory requirements.
- ▶ For **public company auditors**, the Public Company Accounting Oversight Board (PCAOB), which is subject to SEC oversight, has similarly pursued a robust rulemaking, inspection and enforcement agenda. For example, at least five new auditing standards are expected to take effect in the next two years (SEC approval is still pending for one). Some of these have sparked broader debate, including a proposal regarding auditor responsibility for a company’s noncompliance with laws and regulations (NOCLAR).
- ▶ Recent SEC chairs from the Trump and Biden administrations have replaced all or most of the PCAOB Board. If the next SEC chair seeks that level of change, it would significantly impact the priorities of the PCAOB.

Where they converge

- ▶ Antitrust policy has been a major priority of the Biden administration, with the president [signing an expansive EO](#) aimed at promoting competition and combating consolidation. The Biden administration has also collaborated with governments of jurisdictions like the EU on competition, such as with the establishment of the [Joint Technology Competition Policy Dialogue](#), which focuses on developing common approaches to cooperation on competition policy and enforcement in the technology sector.
- ▶ While there are important differences between the two administrations on antitrust policy, regardless of who controls the White House, scrutiny of big business remains a popular sentiment for both parties, especially for sectors like tech and pharma.



5. Climate and environment: diverge

Where they diverge

Biden has leveraged a “whole of government” initiative across all agencies and sectors for many of his priorities, including efforts to reduce contributions to climate change. This includes:

- ▶ [Rejoining](#) the Paris Agreement on climate change and announcing the goal of a 50%-52% reduction from 2005 levels in economy-wide net greenhouse gas pollution by 2030
- ▶ Taking several steps to increase the use of electric vehicles (EVs), including providing [funding for EV chargers](#), establishing tax credits for EV purchases and promoting US manufacture of EV batteries
 - ▶ This push for the use of EVs has also led the US to establish or begin discussing critical minerals agreements with countries that could source the minerals needed for EV batteries
- ▶ Pausing permits for some exports of liquefied natural gas (LNG) until further study by the Department of Energy

Harris is expected to continue many of these policies. Trump, on the other hand, would likely take vigorous actions to reverse many of Biden’s policies, combined with actions to support US production of natural gas and other fossil fuel-friendly energy policies over renewables. Trump could also backtrack or pause the Biden negotiations with other countries on critical minerals. It is unclear, however, whether he will be able to unwind clean energy tax incentives created by Biden’s Inflation Reduction Act that have taken root across industries.

6. Workforce: mostly diverge

A skilled and able workforce is critical to the health of the economy, as well as US leadership on the global stage, and several related issues continue to draw out distinctions between the parties.

Where they diverge

► **Immigration** is a perennially hot topic in election years, and the issue remains front and center for both campaigns. The surge of migrants at the US southern border has dominated headlines, with a record number of individuals seeking entry into the US because of political and economic instability, poverty, natural disasters and other challenges in their home countries. Congressional efforts to reach bipartisan compromise on these issues holistically have so far failed. A president has a limited number of existing authorities to address illegal immigration, and thus a policy response in a second term for Trump would likely be similar to his first term, absent the enactment of new legislation. A Harris administration would likely continue the current work of the Biden administration, with a potential increased focus on Dreamers and public-private partnerships to address migration. She also is on the record supporting the failed bipartisan immigration legislation.

► **Business visas:** US businesses across a variety of sectors and geographies continue to express a need for foreign talent to supplement the domestic workforce supply. Biden has taken strides to make business visa processes more efficient; expect these efforts to remain in place and continue in a Harris administration. A second Trump administration will likely impose stricter visa requirements and emphasize the domestic workforce.

Where they converge

- Legislation and rulemakings prohibiting mandatory arbitration and noncompete clauses continue to gain momentum alongside the growing populist sentiment in the US.
- Legislation in other policy areas (e.g., tax, trade) that improve the prospects for US manufacturing and other traditional US labor interests will be promoted by both candidates and parties.

Conclusion

As we navigate the 2024 election cycle, there are certainly stark differences between the parties and candidates. However, there are also several areas of alignment where the business community may see a continuation of policy regardless of who the next president may be. While the president's agenda will be a significant factor, which party controls Congress, state governments' responses and court decisions will also be important in shaping the contours of the public policy landscape for 2025 and beyond. And, of course, the economy and geopolitical landscape will continue to be important drivers of any president's agenda.

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