

ALERT

President Trump Issues “America First” Trade Policy and Previews Additional Tariffs on Canada, Mexico, and China

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This alert was originally published on January 21, 2025, and updated on January 22, 2025, to reflect President Trump’s comments that additional 10% tariffs may be imposed on China on February 1.

On January 20, 2025, President Trump issued a broad-based memorandum to federal agency heads directing agencies to implement an “America First” trade policy. The memorandum references the policies of the President’s first term and, in continuation of those, provides a road map of how his current Administration intends to establish “a robust and reinvigorated trade policy that promotes investment and productivity, enhances our Nation’s industrial and technological advantages, defends our economic and national security, and – above all – benefits American workers, manufacturers, farmers, ranchers, entrepreneurs, and businesses.”

The memorandum signals a willingness to augment practices and policies, addressing issues including:

- Currency manipulation by foreign governments;
- National security restrictions on transactions in technology, hardware, software, and capital;
- The effectiveness of the Commerce Department’s antidumping/ countervailing duties tool box;
- Strengthening existing duties applied to steel and aluminum goods under Section 232 of the Trade Expansion Act of 1962 and examining additional 232 actions; and

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Practice Areas

International Trade
National Security
Tariffs & Trade Policy
Trade Policy and Trade Negotiations

- Eliminating loopholes in export controls that enable transfers to strategic rivals and their proxies and enhancing enforcement mechanisms to incentivize compliance by foreign countries.

Among other things, the memorandum calls for relevant federal agencies, as identified below, to perform the following actions and deliver reports by April 1, 2025, or, in the case of recommendations regarding the impact of foreign subsidies on government procurement, April 30, 2025:

- Investigate the source of annual trade deficits and make recommendations, including the imposition of tariffs, to address them (*Departments of Commerce and Treasury, U.S. Trade Representative (USTR)*);
- Investigate the creation of a new External Revenue Service to collect tariffs and other trade-related revenue (*Treasury, Commerce, and Homeland Security*);
- Identify unfair foreign trade practices and recommend action to counteract those practices under various federal statutes including Section 301 of the Trade Act of 1974 and the International Emergency Economic Powers Act (IEEPA) (*USTR, Treasury, Commerce, Senior White House Counselor for Trade and Manufacturing (CTM)*);
- Initiate the public consultation process required by federal law with respect to the United States-Mexico-Canada Agreement (USMCA), including assessment of the impact of USMCA on the American economy (*USTR*);
- Assess exchange rate policies and practices of major trading partners and recommend measures to counter currency manipulation (*Treasury*);
- Review existing U.S. trade agreements and sectoral trade agreements to determine additional ways to maintain the level of reciprocal and mutually advantageous concessions with respect to free trade agreement partner countries, and also identify countries where the United States can negotiate greater market access (*USTR*);
- Review certain regulations and policies concerning the application of antidumping and countervailing duties and consider appropriate modifications to strengthen the trade remedy laws (*Commerce*);
- Assess tariff losses and risks arising from the current implementation of 19 U.S.C. § 1321, which permits duty-free importation of low-value shipments, along with permitting such shipments to be cleared with minimal customs procedures (*Treasury, Commerce, Homeland Security, CTM, and USTR*);
- Investigate whether foreign countries subject U.S. citizens or corporations to discriminatory or extraterritorial taxes and evaluate appropriate response under U.S. law (*Treasury*);
- Assess the impact of all U.S. trade agreements, including the World Trade Organization Agreement on Government Procurement, on the volume of federal procurement covered by President Trump's 2017 Buy American and Hire American Executive Order and recommendations to ensure that agreements are implemented to favor domestic workers and manufacturers (*USTR, CTM*);
- Consider the current implementation of exclusions from additional import duties on steel and aluminum products under Section 232 of the Trade Expansion Act of 1962, and further consider whether to undertake additional investigations under that law regarding imports of articles and derivatives that threaten national security (*Commerce, Defense, Assistant to the President for Economic Policy, USTR,*

CTM);

- Assess legislative proposals regarding revocation of Permanent Normal Trade Relations with China (*Commerce, USTR*);
- Evaluate the Economic and Trade Agreement between the United States and China to determine China’s compliance, evaluate the protection of U.S. intellectual property rights in China, and consider additional potential modifications to existing duties imposed on Chinese goods under Section 301 of the Trade Act of 1974, as well as additional investigations of China under that authority (*USTR, Commerce*);
- Review U.S. export control policies, regulations, and circumvention of U.S. rules in light of national and global security considerations, the need to maintain the United States’ technological lead, and the need for improved enforcement to incentivize compliance with U.S. export control laws (*State, Commerce*);
- Review rulemaking by the Office of Information and Communication Technology and Services (ICTS) on connected vehicles to evaluate adequacy, and consider additional restrictions on transactions with foreign countries of concern (*Commerce*);
- Evaluate the 2023 Executive Order and 2024 regulations aimed at restricting U.S. investments in foreign countries of concern in order to determine whether there exist sufficient controls to address national security risks (*Treasury, Commerce*);
- Consider the impact of foreign governmental subsidies on U.S. government procurement and make recommendations to combat any relevant distortions (*Office of Management and Budget*); and
- Evaluate the need for trade and national security measures to resolve the emergency arising from unlawful migration and fentanyl flows into the United States from Canada, Mexico, China, and other countries (*Commerce, Homeland Security*).

The memorandum and reporting timelines do not preclude the Administration from taking action before the deadlines set out.

The Trump Administration announced no new tariffs on imported goods on its first day in office. However, President Trump indicated that tariffs on Canada, Mexico, and China may still be forthcoming soon. In signing ceremonies on January 20, he indicated that 25% tariffs on Canada and Mexico may be imposed as early as February 1, while linking increased tariffs on China to the ultimate fate of social media platform TikTok, and particularly whether an American buyer could be found for the company.

On January 21, 2025, he reiterated a possible February 1 date for tariffs on Canada and Mexico, while also signaling that additional 10% tariffs may be imposed on China on that date, due to the country’s role in funneling fentanyl to the United States. President Trump further stated that tariffs may be imposed on the European Union and other countries, but provided no details regarding timing or duty rates.

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