

Analysis of Trump Administration “America First Trade Policy”

The **America First Trade Policy**, outlined in the January 20, 2025 memorandum, sets a framework to strengthen U.S. trade and economic policies with a focus on bolstering national security, revitalizing domestic industries, and prioritizing the interests of American workers, businesses, and farmers. The policy emphasizes addressing persistent trade deficits, enforcing fair trade practices, and protecting critical supply chains while countering challenges posed by strategic rivals like China. It calls for rigorous investigations into currency manipulation, unfair subsidies, and discriminatory foreign taxes, alongside reviews of trade agreements such as the USMCA to ensure tangible benefits for U.S. stakeholders. By integrating trade and national security considerations, enhancing enforcement mechanisms, and promoting innovation and competitiveness, this policy aims to secure America’s economic leadership and resilience in a complex global trade environment. This brief provides an in-depth analysis of the memorandum’s key actions and their implications for U.S. economic and trade strategy. A full review is due back from agencies 30 April 2025.

Key Themes

- **Economic and National Security Integration:** Trade policies are designed to address national security risks, such as supply chain vulnerabilities and reliance on foreign producers. This integration aims to strengthen both economic resilience and strategic capabilities.
- **Focus on American Workers and Businesses:** Policies prioritize improving wages, job opportunities, and market access for U.S. industries while reducing trade deficits. This ensures that American stakeholders benefit directly from international trade agreements.
- **Enforcement and Compliance:** Strengthening enforcement mechanisms ensures that foreign trading partners adhere to fair trade practices and U.S. agreements. This protects domestic industries from unfair competition and predatory practices.
- **Strategic Rivalries:** The memorandum specifically addresses challenges posed by China and other geopolitical rivals to protect U.S. technological and economic leadership. This includes stricter measures on intellectual property, export controls, and bilateral agreements.

Major Initiatives

1. Addressing Trade Deficits and Unfair Trade Practices

- **Investigate Trade Deficits:** The Secretary of Commerce, in consultation with the Treasury, will examine the structural causes of large U.S. trade deficits and their national security implications. This includes proposing remedies such as global tariffs or other measures to stabilize and reduce these deficits.
- **External Revenue Service (ERS):** A feasibility study will explore the creation of an ERS to collect tariffs and other trade-related revenues efficiently. This aims to ensure streamlined revenue collection while addressing enforcement challenges in international trade.
- **Unfair Trade Practices:** The U.S. Trade Representative (USTR) will review and act against unfair foreign trade practices using all relevant legal and regulatory tools. This includes identifying violations and recommending penalties to ensure fair competition for American industries.

- **USMCA Review:** A review of the USMCA will assess its impact on U.S. workers, farmers, and businesses in preparation for the 2026 evaluation. Recommendations will aim to ensure the agreement delivers tangible benefits to American stakeholders.
- **Currency Manipulation:** The Treasury will review the exchange rate policies of major trading partners to address currency manipulation or misalignments. Such actions are intended to level the playing field and eliminate unfair advantages in international trade.
- **Bilateral and Sector-Specific Trade Agreements:** The USTR will identify countries with which the U.S. can negotiate targeted agreements to expand market access for U.S. goods and services. These agreements will prioritize sectors that benefit American workers, farmers, and manufacturers.
- **Antidumping and Countervailing Duties (AD/CVD):** Policies and regulations for enforcing AD/CVD laws will be reviewed to ensure compliance by foreign exporters. This includes tightening verification procedures and addressing transnational subsidies that distort trade.
- **De Minimis Exemption:** The Commerce and Treasury Departments will evaluate risks associated with the \$800 duty-free exemption for imported goods. Adjustments may be proposed to prevent revenue losses and reduce imports of counterfeit goods and illegal drugs like fentanyl.
- **Discriminatory Taxes:** Investigations will determine whether foreign countries impose extraterritorial or discriminatory taxes on U.S. citizens or companies. Such findings will guide actions to protect U.S. businesses from unfair foreign taxation.

2. Trade Relations with China

- **Compliance with Agreements:** The USTR will evaluate China's adherence to the Economic and Trade Agreement with the U.S. and recommend appropriate actions, including tariffs or sanctions, to address non-compliance. This ensures the agreement's benefits are fully realized and enforcement is maintained.
- **Technology and Supply Chains:** The USTR will analyze China's policies on technology transfer and supply chain circumvention to address vulnerabilities and unfair practices. Recommendations may include additional tariffs or other measures to protect critical industries and national security.
- **Intellectual Property Rights (IPR):** The Commerce Department will review protections for U.S. intellectual property held by Chinese entities and assess reciprocal treatment. Recommendations will aim to balance trade benefits and prevent exploitation of U.S. innovation.
- **Legislative Proposals:** Legislative proposals regarding Permanent Normal Trade Relations with China will be reviewed for their impact on U.S. economic and security interests. These assessments will guide policy adjustments to ensure alignment with national priorities.

3. Strengthening Economic Security

- **Industrial Base Review:** The Commerce Department, in consultation with Defense, will assess vulnerabilities in the U.S. industrial and manufacturing base. Recommendations will address import risks that threaten national security and propose measures to strengthen domestic industries.

- **Steel and Aluminum Imports:** Existing import adjustment measures, such as tariffs and exclusions on steel and aluminum, will be assessed for their effectiveness in mitigating threats. The findings will inform updates to policies that protect critical industries and supply chains.
- **Export Controls:** The Commerce and State Departments will review the U.S. export control system to identify and close loopholes exploited by strategic rivals. Enhancements will ensure that sensitive goods, services, and technologies are not transferred to adversaries.
- **Foreign Financial Contributions:** The Office of Management and Budget will evaluate the impact of foreign subsidies on U.S. federal procurement processes. Recommendations will focus on mitigating distortions caused by these subsidies to ensure fair competition.
- **Migration and Fentanyl Flows:** The Departments of Commerce and Homeland Security will assess the trade-related aspects of unlawful migration and fentanyl trafficking from key regions like Canada, Mexico, and China. Recommendations will focus on implementing trade and national security measures to address these issues.

4. Implementation and Reporting

- Unified reports will be prepared by the Commerce Department, Treasury, and USTR by April 2025, consolidating findings and policy recommendations. These reports will ensure coordination across agencies and provide actionable steps to advance the memorandum's goals.
- Each department and agency is tasked with delivering specific reviews, findings, and recommendations on their assigned areas. These submissions will guide the administration's trade and economic policy decisions for enhancing U.S. economic security and competitiveness.

Products/Markets/Themes Called Out

The **America First Trade Policy** memorandum specifically calls out several individual markets, products, and sectors. These include:

1. **Steel and Aluminum:**
 - The policy directs a review of import adjustment measures on these materials under national security provisions.
2. **Agriculture:**
 - Includes American farmers, ranchers, and agricultural products in its focus on ensuring fair trade and expanded market access through agreements like the USMCA and new bilateral deals.
3. **Industrial Supply Chains:**
 - Specifically mentions reviewing supply chains affected by China's trade practices, including circumvention through third countries.
4. **Connected Vehicles:**
 - Addresses rulemaking and potential control expansions for Information and Communication Technology and Services (ICTS) transactions involving connected vehicle technologies.

5. Fentanyl and Counterfeit Goods:

- Targets illicit flows of fentanyl and counterfeit goods, tying them to de minimis import exemptions and trade-related enforcement.

6. Critical Technology and Strategic Goods:

- Focuses on technologies and goods critical to national security, particularly under export control systems, to prevent their transfer to geopolitical rivals.

7. Federal Procurement:

- Examines the impact of foreign subsidies and contributions on procurement policies, particularly under the "Buy American and Hire American" initiative.

8. Intellectual Property Rights (IPR):

- Addresses patents, copyrights, and trademarks conferred on Chinese entities, ensuring reciprocity and balanced protections for U.S. innovations.

These target markets and products reflect the memorandum's emphasis on protecting high-value, strategically significant industries and sectors while addressing vulnerabilities in trade and national security.

The full text of the memorandum is attached. Government Analytica explores trade topics in depth for its clients and will issue executive briefs on key themes.



Dr. John Pournoor, CEO

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America First Trade Policy Memorandum

January 20, 2025

MEMORANDUM FOR THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF COMMERCE
THE SECRETARY OF HOMELAND SECURITY
THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND
BUDGET
THE UNITED STATES TRADE REPRESENTATIVE
THE ASSISTANT TO THE PRESIDENT FOR ECONOMIC
POLICY
THE SENIOR COUNSELOR FOR TRADE AND MANUFACTURING

SUBJECT: America First Trade Policy

Section 1. Background. In 2017, my Administration pursued trade and economic policies that put the American economy, the American worker, and our national security first. This spurred an American revitalization marked by stable supply chains, massive economic growth, historically low inflation, a substantial increase in real wages and real median household wealth, and a path toward eliminating destructive trade deficits.

My Administration treated trade policy as a critical component to national security and reduced our Nation's dependence on other countries to meet our key security needs.

Americans benefit from and deserve an America First trade policy. Therefore, I am establishing 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.

Sec. 2. Addressing Unfair and Unbalanced Trade. (a) The Secretary of Commerce, in consultation with the Secretary of the Treasury and the United States Trade Representative, shall investigate the causes of our country's large and persistent annual trade deficits in goods, as well as the economic and national security implications and risks resulting from such deficits, and recommend appropriate measures, such as a global supplemental tariff or other policies, to remedy such deficits.

(b) The Secretary of the Treasury, in consultation with the Secretary of Commerce and the Secretary of Homeland Security, shall investigate the feasibility of establishing and recommend the best methods for designing, building, and implementing an External Revenue Service (ERS) to collect tariffs, duties, and other foreign trade-related revenues.

(c) The United States Trade Representative, in consultation with the Secretary of the Treasury, the Secretary of Commerce, and the Senior Counselor for Trade and Manufacturing, shall undertake a review of, and

identify, any unfair trade practices by other countries and recommend appropriate actions to remedy such practices under applicable authorities, including, but not limited to, the Constitution of the United States; sections 71 through 75 of title 15, United States Code; sections 1337, 1338, 2252, 2253, and 2411 of title 19, United States Code; section 1701 of title 50, United States Code; and trade agreement implementing acts.

(d) The United States Trade Representative shall commence the public consultation process set out in section 4611(b) of title 19, United States Code, with respect to the United States-Mexico-Canada Agreement (USMCA) in preparation for the July 2026 review of the USMCA. Additionally, the United States Trade Representative, in consultation with the heads of other relevant executive departments and agencies, shall assess the impact of the USMCA on American workers, farmers, ranchers, service providers, and other businesses and make recommendations regarding the United States' participation in the agreement. The United States Trade Representative shall also report to appropriate congressional committees on the operation of the USMCA and related matters consistent with section 4611(b) of title 19, United States Code.

(e) The Secretary of the Treasury shall review and assess the policies and practices of major United States trading partners with respect to the rate of exchange between their currencies and the United States dollar pursuant to section 4421 of title 19, United States Code, and section 5305 of title 22, United States Code. The Secretary of the Treasury shall recommend appropriate measures to counter currency manipulation or misalignment that prevents effective balance of payments adjustments or that provides trading partners with an unfair competitive advantage in international trade, and shall identify any countries that he believes should be designated as currency manipulators.

(f) The United States Trade Representative shall review existing United States trade agreements and sectoral trade agreements and recommend any revisions that may be necessary or appropriate to achieve or maintain the general level of reciprocal and mutually advantageous concessions with respect to free trade agreement partner countries.

(g) The United States Trade Representative shall identify countries with which the United States can negotiate agreements on a bilateral or sector-specific basis to obtain export market access for American workers, farmers, ranchers, service providers, and other businesses and shall make recommendations regarding such potential agreements.

(h) The Secretary of Commerce shall review policies and regulations regarding the application of antidumping and countervailing duty (AD/CVD) laws, including with regard to transnational subsidies, cost adjustments, affiliations, and "zeroing." Further, the Secretary of Commerce shall review procedures for conducting verifications pursuant to section 1677m of title 19, United States Code, and assess whether these procedures sufficiently induce compliance by foreign respondents and governments involved in AD/CVD proceedings. The Secretary of Commerce shall consider modifications to these procedures, as appropriate.

(i) The Secretary of the Treasury, the Secretary of Commerce, the Secretary of Homeland Security, and the Senior Counselor for Trade and Manufacturing, in consultation with the United States Trade Representative, shall assess the loss of tariff revenues and the risks from importing counterfeit products and contraband drugs, e.g., fentanyl, that each result from the current implementation of the \$800 or less, duty-free *de minimis* exemption under section 1321 of title 19, United States Code, and shall recommend modifications as warranted to protect both the revenue of the United States and the public health by preventing unlawful importations.

(j) The Secretary of the Treasury, in consultation with the Secretary of Commerce and the United States Trade Representative, shall investigate whether any foreign country subjects United States citizens or corporations to discriminatory or extraterritorial taxes pursuant to section 891 of title 26, United States Code.

(k) The United States Trade Representative, in consultation with the Senior Counselor for Trade and Manufacturing, shall review the impact of all trade agreements — including the World Trade Organization Agreement on Government Procurement — on the volume of Federal procurement covered by Executive Order 13788 of April 18, 2017 (Buy American and Hire American), and shall make recommendations to ensure that such agreements are being implemented in a manner that favors domestic workers and manufacturers, not foreign nations.

Sec. 3. Economic and Trade Relations with the People’s Republic of China (PRC). (a) The United States Trade Representative shall review the Economic and Trade Agreement Between the Government of the United States of America and the Government of the People’s Republic of China to determine whether the PRC is acting in accordance with this agreement, and shall recommend appropriate actions to be taken based upon the findings of this review, up to and including the imposition of tariffs or other measures as needed.

(b) The United States Trade Representative shall assess the May 14, 2024, report entitled “Four-Year Review of Actions Taken in the Section 301 Investigation: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation” and consider potential additional tariff modifications as needed under section 2411 of title 19, United States Code — particularly with respect to industrial supply chains and circumvention through third countries, including an updated estimate of the costs imposed by any unfair trade practices identified in such review — and he shall recommend such actions as are necessary to remediate any issues identified in connection with this process.

(c) The United States Trade Representative shall investigate other acts, policies, and practices by the PRC that may be unreasonable or discriminatory and that may burden or restrict United States commerce, and shall make recommendations regarding appropriate responsive actions, including, but not limited to, actions authorized by section 2411 of title 19, United States Code.

(d) The Secretary of Commerce and the United States Trade Representative shall assess legislative proposals regarding Permanent Normal Trade Relations with the PRC and make recommendations regarding any proposed changes to such legislative proposals.

(e) The Secretary of Commerce shall assess the status of United States intellectual property rights such as patents, copyrights, and trademarks conferred upon PRC persons, and shall make recommendations to ensure reciprocal and balanced treatment of intellectual property rights with the PRC.

Sec. 4. Additional Economic Security Matters. (a) The Secretary of Commerce, in consultation with the Secretary of Defense and the heads of any other relevant agencies, shall conduct a full economic and security review of the United States’ industrial and manufacturing base to assess whether it is necessary to initiate investigations to adjust imports that threaten the national security of the United States under section 1862 of title 19, United States Code.

(b) The Assistant to the President for Economic Policy, in consultation with the Secretary of Commerce, the United States Trade Representative, and the Senior Counselor for Trade and Manufacturing, shall review and assess the effectiveness of the exclusions, exemptions, and other import adjustment measures on steel

and aluminum under section 1862 of title 19, United States Code, in responding to threats to the national security of the United States, and shall make recommendations based upon the findings of this review.

(c) The Secretary of State and the Secretary of Commerce, in cooperation with the heads of other agencies with export control authorities, shall review the United States export control system and advise on modifications in light of developments involving strategic adversaries or geopolitical rivals as well as all other relevant national security and global considerations. Specifically, the Secretary of State and the Secretary of Commerce shall assess and make recommendations regarding how to maintain, obtain, and enhance our Nation's technological edge and how to identify and eliminate loopholes in existing export controls -- especially those that enable the transfer of strategic goods, software, services, and technology to countries to strategic rivals and their proxies. In addition, they shall assess and make recommendations regarding export control enforcement policies and practices, and enforcement mechanisms to incentivize compliance by foreign countries, including appropriate trade and national security measures.

(d) The Secretary of Commerce shall review and recommend appropriate action with respect to the rulemaking by the Office of Information and Communication Technology and Services (ICTS) on connected vehicles, and shall consider whether controls on ICTS transactions should be expanded to account for additional connected products.

(e) The Secretary of the Treasury, in consultation with the Secretary of Commerce and, as appropriate, the heads of any other relevant agencies, shall review whether Executive Order 14105 of August 9, 2023 (Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern) should be modified or rescinded and replaced, and assess whether the final rule entitled "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern," 89 Fed. Reg. 90398 (November 15, 2024), which implements Executive Order 14105, includes sufficient controls to address national security threats. The Secretary of the Treasury shall make recommendations based upon the findings of this review, including potential modifications to the Outbound Investment Security Program.

(f) The Director of the Office of Management and Budget shall assess any distorting impact of foreign government financial contributions or subsidies on United States Federal procurement programs and propose guidance, regulations, or legislation to combat such distortion.

(g) The Secretary of Commerce and the Secretary of Homeland Security shall assess the unlawful migration and fentanyl flows from Canada, Mexico, the PRC, and any other relevant jurisdictions and recommend appropriate trade and national security measures to resolve that emergency.

Sec. 5. Reports. The results of the reviews and investigations, findings, identifications, and recommendations identified in:

(a) sections 2(a), 2(h), 3(d), 3(e), 4(a), 4(b), 4(c), 4(d), and 4(g) shall be delivered to me in a unified report coordinated by the Secretary of Commerce by April 1, 2025;

(b) sections 2(b), 2(e), 2(i), 2(j), and 4(e) shall be delivered to me in a unified report coordinated by the Secretary of the Treasury by April 1, 2025;

(c) sections 2(c), 2(d), 2(f), 2(g), 2(k), 3(a), 3(b), and 3(c) shall be delivered to me in a unified report coordinated by the United States Trade Representative by April 1, 2025; and

(d) section 4(f) shall be delivered to me by the Director of the Office of Management and Budget by April 30, 2025.

Sec. 6. General Provisions. (a) Nothing in this memorandum shall be construed to impair or otherwise affect:

- (i) the authority granted by law to an executive department or agency, or the head thereof; or
 - (ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.
- (b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.
- (c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.