

February 28, 2025

President Trump Significantly Raises Tariffs

In his first month in office, President Trump has issued a series of executive orders and presidential memoranda that have significantly raised certain tariffs and signal that there are significant tariff developments to come. These actions have been undertaken as part of what the President has called the “America First Trade Policy.”¹

▪ Industrial Tariffs:

- *Steel and Aluminum Imports:* On February 10, 2025, President Trump issued an order raising tariffs on steel and aluminum imports into the United States from a 10% flat rate to a 25% flat rate “without exceptions or exemptions.”² President Trump had initially imposed these 25% tariffs in 2018, but in a series of actions the Biden administration had reduced the tariff rates to 10% and also issued a number of country- and product-specific exemptions. These tariffs were imposed pursuant to Section 232 of the Trade Expansion Act of 1962, which provides the President with the authority to impose tariffs on imports of certain articles if the Secretary of Commerce determines that the importation of such articles into the United States threatens to impair U.S. national security.³
- *Automobiles, Semiconductors and Pharmaceutical Imports:* On February 18, President Trump indicated he would place tariffs “in the neighborhood of 25 percent” on imports of automobiles as soon as April 2, 2025.⁴ The President also noted that he was considering similar duties on semiconductors and pharmaceutical imports.⁵
- *Copper:* On February 25, President Trump announced the launch of a Section 232 investigation of copper imports.⁶

▪ Reciprocal Tariffs:

- On February 13, President Trump signed a memorandum on “Reciprocal Trade and Tariffs” which directs the Secretary of Commerce and the U.S. Trade Representative, in consultation with other cabinet agencies, to “initiate, pursuant to their respective legal authorities, all necessary actions to investigate the harm to the United States from any non-

¹ The White House, *America First Trade Policy* (Jan. 20, 2025), available [here](#).

² The White House, *Fact Sheet: President Donald J. Trump Restores Section 232 Tariffs* (Feb. 11, 2025), available [here](#).

³ In reimposing these sanctions, President Trump’s proclamation relied on the Section 232 Determination made by the Department of Commerce on January 11, 2018; see The White House, *Adjusting Imports of Steel into the United States* (Feb. 10, 2025), available [here](#).

⁴ *Reuters*, *Trump says he will introduce 25% tariffs on autos, pharmaceuticals and chips* (Feb. 18, 2025), available [here](#). There was a Section 232 investigation on automobiles conducted in 2019, but no tariffs were imposed as a result of the investigation. See Congressional Research Service, “Section 232 Auto Investigation” (June 17, 2019), available [here](#).

⁵ *Id.*

⁶ The White House, *Addressing the Threat to National Security from Imports of Copper* (Feb. 25, 2025), available [here](#).

reciprocal trade arrangements adopted by any trading partners” and submit a report to the President “detailing proposed remedies in pursuit of reciprocal trade relations with each trading partner.”⁷ This process is set to start after the submission of reports to the President on April 1, 2025 that are called for in the President’s “America First Trade Policy” memorandum (discussed below). Notably, the White House issued a fact sheet alongside the memorandum highlighting the “lack of reciprocity” from certain tariffs imposed by Brazil, India, and the European Union and from digital service taxes imposed by France and Canada.⁸

- On February 21, President Trump signed a memorandum on “Defending American Companies and Innovators From Overseas Extortion and Unfair Fines and Penalties.” The memorandum notes that “several trading partners enacted digital services taxes (DSTs) that could cost American companies billions of dollars and that foreign government officials openly admit are designed to plunder American companies.” The memorandum directs the U.S. Trade Representative, the Secretary of Commerce and the Secretary of the Treasury to identify foreign regulatory practices that “undermine the global competitiveness or intended operation of United States companies, in the digital economy and more generally” and recommend “appropriate actions to counter such practices under applicable authorities.”⁹
- On February 20, 2025, the Office of the United States Trade Representative released a Notice soliciting public comments “relating to any unfair trade practice by a foreign country or economy or with respect to a non-reciprocal trade arrangement.”¹⁰ The deadline for comments is March 11, 2025.
- **Canada, China, and Mexico Tariffs:** On February 1, 2025, President Trump issued executive orders placing a 25% additional *ad valorem* duty on imports from Canada (with 10% for energy resources) and Mexico and a 10% additional *ad valorem* duty on imports from China.¹¹
 - *China:* The tariffs on China took effect on February 4, 2025. President Trump has stated that “China hopefully is going to stop sending us fentanyl, and if they’re not, the tariffs are going to go substantially higher.”¹² China has responded by imposing retaliatory tariffs.¹³ On February 27, President Trump said that he would impose an additional 10% on tariffs from China.¹⁴

⁷ The White House, *Reciprocal Trade and Tariffs* (Feb. 13, 2025), available [here](#).

⁸ The White House, *Fact Sheet: President Donald J. Trump Announces “Fair and Reciprocal Plan” on Trade* (Feb. 13, 2025), available [here](#).

⁹ The White House, *Defending American Companies and Innovators From Overseas Extortion and Unfair Fines and Penalties* (Feb. 21, 2025), available [here](#).

¹⁰ USTR, *Request for Comments to Assist in Reviewing and Identifying Unfair Trade Practices and Initiating All Necessary Actions to Investigate Harm From Non-Reciprocal Trade Arrangements* (Feb. 20, 2025), available [here](#).

¹¹ The White House, *Fact Sheet: President Donald J. Trump Imposes Tariffs on Imports from Canada, Mexico and China* (Feb. 1, 2025), available [here](#); see also The White House, *Progress on the Situation at Our Northern Border* (Feb. 3, 2025) (Concerning Canada, energy resources had a lower, 10% additional duty), available [here](#); see also The White House, *Imposing Duties to Address the Situation at Our Southern Border* (Feb. 1, 2025) (concerning Mexico), available [here](#); see also The White House, *Imposing Duties to Address the Synthetic Opioid Supply Chain in the People’s Republic of China* (Feb. 5, 2025) (concerning China), available [here](#).

¹² Reuters, *Trump pauses tariffs on Mexico and Canada, but not China* (Feb. 3, 2025), available [here](#).

¹³ Financial Times, *China Imposes Retaliatory Tariffs on \$14bn Worth of US Goods* (Feb. 9, 2025), available [here](#).

¹⁴ New York Times, *Trump Says Canada and Mexico Tariffs Will Go Into Effect Next Week* (Feb. 27, available [here](#)).

- *Mexico and Canada*: The additional tariffs on Mexico¹⁵ and Canada¹⁶ were delayed until March 4, 2025, based on interim agreements reached with those governments. President Trump has stated that the tariffs will go into effect at that time “as scheduled.”¹⁷
- *De Minimis Exception*: These tariffs make imports from China, Canada, and Mexico ineligible for the “de minimis” exception under the Tariff Act of 1930. The de minimis exception allows imports valued at \$800 or less to be imported duty-free and has been utilized by many e-commerce companies.¹⁸ However, on February 5, 2025, President Trump announced that he was delaying the revocation of the de minimis exception under these tariffs until the Secretary of Commerce confirms that “adequate systems are in place to fully and expediently process and collect tariff revenue.”¹⁹
- *Legal Authority*: These tariffs were imposed under the International Emergency Economic Powers Act (“IEEPA”), which also serves as the basis for many economic sanctions imposed by the executive branch. IEEPA has not been utilized before by a President as the basis for the imposition of tariffs, though President Nixon utilized a predecessor statute to impose tariffs in 1971.²⁰ It is possible that affected businesses may challenge the statutory authority for the Executive Order.
- **America First Trade Policy**: On January 20, 2025, President Trump issued a presidential memorandum entitled *America First Trade Policy* to members of his Cabinet, directing them to take a variety of measures “establishing a robust and reinvigorated trade policy.”²¹ Among other actions, the memorandum directs an investigation “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 directs the Secretary of the Treasury and U.S. Trade Representative to “recommend appropriate measures, such as a global supplemental tariff or other policies, to remedy such deficits.” The memorandum also directs agencies to “investigate the feasibility of establishing and recommend the best methods for designing, building, and implementing an External Revenue Service (ERS)” to collect foreign-trade-related revenues. The Memorandum requires that the Secretary of Commerce, the Secretary of the Treasury, and the United States Trade Representative submit reports to the President by April 1, 2025.

Paul, Weiss Will Continue to Monitor Developments

In this period of significant and accelerated regulatory change, Paul, Weiss is closely monitoring new executive actions to help our clients navigate the rapidly changing regulatory environment.

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¹⁵ The White House, *Progress on the Situation at Our Southern Border* (Feb. 3, 2025), available [here](#).

¹⁶ The White House, *Progress on the Situation at Our Northern Border* (Feb. 3, 2025), available [here](#).

¹⁷ New York Times, *Trump Says Canada and Mexico Tariffs Will Go Into Effect Next Week* (Feb. 27, available [here](#)).

¹⁸ CNBC, *Trump Delays Cancellation of De Minimis Trade Exemption Targeting China Imports* (Feb. 7, 2025), available [here](#).

¹⁹ The White House, *Amendment to Duties Addressing The Synthetic Opioid Supply Chain in the People’s Republic of China* (Feb. 5, 2025), available [here](#).

²⁰ Congressional Research Service, *The International Emergency Powers Act (IEEPA), the National Emergencies Act (NEA), and Tariffs: Historical Background and Key Issues* (Feb. 3, 2025), available [here](#).

²¹ The White House, *America First Trade Policy* (Jan. 20, 2025), available [here](#).

This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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