

# President Trump's "America First Trade Policy"

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*Torlys' Canadian and New York offices will be providing [regular briefs](#) on the legal ramifications of the proposed tariffs and other cross-border policy developments on the horizon.*

This week President Trump issued a far-reaching Presidential [directive](#) titled "America First Trade Policy" requiring various government departments to collaborate on a comprehensive review of U.S. trade relationships, with specific focus on Canada, Mexico, and China. The results of that review are due April 1. These reports may spur a variety of trade measures.

President Trump has also suggested he may take certain actions before this review is complete, including imposing 25% tariffs on Canada and Mexico on February 1. It remains unclear if there is any indication as to what, if any, tariffs will be introduced on either of the stated February 1 and April 1 timelines.

## Trade and tax developments for Canadian businesses

**Security-related trade measures may be imposed at any time.** President Trump may, whether on or before April 1, unilaterally impose tariffs under the International Emergency Economic Powers Act, which authorizes the U.S. President to regulate international commerce after declaring a national emergency in response to any "unusual and extraordinary threat". The threats in this case—unlawful migration and fentanyl flows from Canada, Mexico, China and any other relevant jurisdictions—are to be assessed by Secretary of Commerce and the Secretary of Homeland Security to recommend responsive measures as part of their review.

## Potential trade measures that may be imposed after April 1

**Imposing a "global supplemental tariff" on all trade.** The Secretary of Commerce is tasked with leading a review of measures to address "unfair and unbalanced" persistent annual trade deficits, and to recommend measures to address these deficits, including a potential "global supplemental tariff." As one of the largest exporters of goods to the United States, Canada stands to be significantly impacted by any general measures imposed.

**Imposing anti-dumping measures.** The Secretary of Commerce is leading a review policies and regulations regarding anti-dumping and countervailing duty laws including assessment of compliance mechanisms. Canadian industrial and resource sectors have been the subject of anti-dumping measures by the United States in the past.

**Amending trade agreements to address unfair trade practices and favour U.S. manufacturers.** The U.S. Trade Representative is also tasked with leading (a) a review of “unfair trade practices” and recommending responsive actions, and (b) reviewing existing trade agreements and making recommendations to ensure that trade agreements “favor domestic workers and manufacturers”.

**Introducing new tariffs on steel and aluminum.** The Assistant to the President for Economic Policy will lead a review of the efficacy of exclusions, exemptions, and “other import adjustment measures” on steel and aluminum imports to determine whether these imports threaten American economic security and military preparedness. In his first administration, President Trump imposed a 25% tariff on steel and a 10% tariff on aluminum; the U.S., Canada and Mexico ultimately reached an agreement to exempt Canada and Mexico from those tariffs, which may now be reconsidered.

**July 2026 review of USMCA may be accelerated.** The United States Trade Representative will start public consultations in preparation for the forthcoming review of the United States-Mexico-Canada Agreement (USMCA), 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” which may be far-reaching, including potential withdrawal from the treaty. That review is scheduled for July 2026, though the Trump Administration may seek to accelerate it. As the USMCA covers many economic sectors in addition to trade in goods, such as trade in services, government procurement, digital trade, and others, potential implications may be far-reaching.

## Tax developments

**Creation of “External Revenue Service” to collect tariff revenue.** The Secretary of the Treasury has been tasked with making recommendations for establishing an “External Revenue Service” to collect tariffs and other foreign trade-related revenues. This is a shift in tone from similar existing operations within the U.S. Customs and Border Protection agency and could be a harbinger of the potential importance of tariffs to U.S. fiscal policies.

**Withdrawal from OECD Global Tax Agreement and focus on extraterritorial taxation measures.** In a separate [directive](#), the Administration has begun to withdraw from certain [OECD global tax directives](#) that endeavor to establish minimum corporate income tax rates and to restrict opportunities for profit shifting. The U.S. Treasury Department has also been tasked with conducting an investigation of whether any countries are subjecting U.S. citizens or corporations to “discriminatory extraterritorial taxes” or taxes which “disproportionately affect American companies” and has been instructed to develop recommendations for potential protective measures.

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