PRESIDENT TRUMP TAKES ADDITIONAL ACTIONS ON RECIPROCAL TARIFFS, SHIPPING, AND DIGITAL SERVICES TAXES

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US Policy and Regulatory Alert

By: Nathaniel B. Bolin, David R. Allman

On 21 February 2025, President Trump ordered three additional steps to implement the America First Trade Policy announced on 20 January 2025:

1. Establish a notice and comment process for the US Trade Representative (USTR) to collect input from interested parties on the proposed "reciprocal tariffs" announced 13 February.
2. Initiate a process for USTR to collect input on potential trade actions to address what USTR under the prior administration found to be China's "targeting" of the maritime, logistics, and shipbuilding sectors in the United States and globally.
3. Direct the Treasury Secretary, working with USTR, Commerce, and the White House advisor to the President on trade and manufacturing, to formulate and impose tariffs and other measures to respond to other countries' access barriers to and taxes on American digital services.

Each of these three steps launches parallel administrative proceedings before the relevant agencies that will culminate in recommendations to the President to impose tariffs or other trade measures. Companies and investors with interests impacted by the above topics should carefully review these announcements and the schedules for submitting comments and consider whether and how best to participate.

NOTICE AND COMMENT PROCESS REGARDING RECIPROCAL TARIFFS

USTR is requesting comments by 11 March 2025 regarding any unfair trade practices maintained by other countries and what steps USTR should take to address these practices. Comments should include the foreign country or economy concerned, the practice or trade arrangement of concern, a brief explanation of the operation of the practice or trade arrangement, and an explanation of the impact or effect of the practice or trade arrangement on the interested party or on US interests generally.

Of particular interest are comments on the trading practices and other tariff and non-tariff barriers and practices of Argentina, Australia, Brazil, Canada, China, the European Union, India, Indonesia, Japan, Korea, Malaysia, Mexico, Russia, Saudi Arabia, South Africa, Switzerland, Taiwan, Thailand, Türkiye, United Kingdom, and Vietnam. According to USTR, these countries cover 88 percent of total goods trade with the United States.

Submissions should quantify the harm or cost (including actual cost or opportunity cost) to American workers, manufacturers, farmers, ranchers, entrepreneurs and businesses from the practice or trade arrangement of

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concern – ideally ascribing a dollar amount to the harm or cost and describing the underlying methodology. Information that is business confidential can be submitted in confidence to USTR and separate from this specific process, USTR is also interested in ongoing engagement with and information from interested parties regarding unfair foreign trade practices of US trading partners.

COMMENTS ON PROPOSED TRADE REMEDIES TO ADDRESS CHINA'S MARITIME, LOGISTICS, AND SHIPBUILDING PRACTICES

Separately, USTR is seeking comments from interested parties on how it should implement the findings of the Biden Administration pursuant to Section 301 of the Trade Act of 1974 that China was engaged in practices that targeted the maritime, logistics, and shipbuilding sectors in pursuit of what USTR found to be goals to dominate those sectors. Written comments are due by 24 March 2025. USTR will also hold a hearing on this matter on 24 March–requests to appear at the hearing are due by 10 March 2025. Additional written comments in rebuttal can be submitted no later than seven calendar days after the last day of hearings.

ACTION AGAINST FOREIGN COUNTRIES' DIGITAL SERVICES TAXES

In a 21 February 2025 memorandum, President Trump has separately directed the US Treasury Department, working with Commerce, USTR, and White House stakeholders, to formulate tariff and other responses to digital services taxes and related practices imposed by other countries. According to the memorandum, such practices are hindering the success of American digital services companies and investors in other markets and imposing unfair costs, barriers and risks on American companies, data, and jobs. Reports and recommendations on these issues are due to the president by 1 April 2025.

Among the actions contemplated by the memorandum are:

- Renewal of Section 301 trade actions from 2019 and 2020 against the digital services taxes of Austria, France, Italy, Spain, Turkey and the United Kingdom;
- Consideration of dispute settlement against Canada and Mexico pursuant to the US-Mexico-Canada Agreement;
- Recommended tariffs against US imported goods and services from countries imposing such taxes and other measures;
- Actions to address mandates by other countries with regard to the content or content monitoring of US social media and other digital platforms and services;
- A determination of whether to impose tariffs of up to 50% in response to tax measures that discriminate against US citizens and companies;
- A moratorium on the levying of customs duties by other countries on electronic transmissions; and
- A mechanism for American businesses to report to USTR on the foreign tax and regulatory practices of other nations that are believed to harm US companies.

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KEY CONTACTS



NATHANIEL B. BOLIN
PARTNER

WASHINGTON, DC
+1.202.778.9181
NATE.BOLIN@KLGATES.COM



DAVID R. ALLMAN
PARTNER

WASHINGTON, DC
+1.202.778.4396
DAVE.ALLMAN@KLGATES.COM

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