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## Regulatory Update

# President Trump's Day One Executive Orders: Immediate Impact on U.S. Businesses and Multinationals

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Yesterday, President Trump followed through on his promise to sign nearly 100 executive orders on topics ranging from energy and the economy to border security, federal workforce reforms and a host of social issues discussed during his campaign. Several executive orders signal a return to the economic landscape of his first administration while highlighting new priorities for his second administration. We outline the key elements of these executive orders and their immediate significance for businesses, investors and the economy.

### Trade: "America First Trade Policy"<sup>1</sup>

The "America First Trade Policy" is not a formal executive order, but rather a policy memorandum directed to several members of the Cabinet and key economic policy advisors, which is likely to become the centerpiece of his economic and trade agenda. In brief, the memorandum calls for:

- An investigation of "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." It then calls for recommendations of measures to address the trade deficit, "such as a global supplemental tariff or other policies."
- An investigation of "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."
- A review of "unfair trade practices" by other countries and recommendations for remedies.
- Commencement of a public consultation process and congressional reporting regarding the United States-Mexico-Canada Agreement (USMCA) and its impact on American workers and businesses.
- A review of the currency exchange policies of "major trading partners" (e.g., China) to result in recommendations "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," as well as names of countries to "be designated as currency manipulators."
- Recommendations for the U.S. trade representative to make "revisions" to existing free trade agreements, countries with which the U.S. may negotiate new trade agreements, and review of "the impact of all trade agreements" on federal procurement and U.S. workers/manufacturers.
- A review of policies and regulations concerning antidumping and countervailing duty laws.
- An assessment of the effects of the current \$800 *de minimis* exemption from import duties.

- An investigation of “whether any foreign country subjects United States citizens or corporations to discriminatory or extraterritorial taxes.”

Also, one section of the memorandum expands further on U.S.-China trade relations. This section calls for the U.S. trade representative to review China’s compliance with the existing U.S.-China trade agreement, with an eye to determining “appropriate actions . . . up to and including the imposition of tariffs or other measures as needed” and for assessment of “other acts, policies and practices by the PRC that may be unreasonable or discriminatory” toward U.S. commerce and recommendations for a response. The memorandum recommends changes to proposed legislation on Permanent Normal Trade Relations with China and an assessment of “intellectual property rights such as patents, copyrights and trademarks conferred upon PRC persons” with recommendations for ensuring reciprocity from China.

Finally, the memorandum requires “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” under 19 U.S.C. § 1862, a rarely used provision of federal law which permits the limiting of imports determined to threaten U.S. national security. In the past, this section has been directed at steel imports. The memorandum then calls for an assessment of “the effectiveness of the exclusions, exemptions and other import adjustment measures on steel and aluminum” under this section.

Other provisions in the memorandum further illustrate the Trump administration’s focus on geopolitical rivals such as China and Iran. The memorandum calls for the following:

- A review of the U.S. “export control system” to determine changes necessary to maintain the U.S.’s technological edge against “strategic adversaries or geopolitical rivals.”
- Recommendations on the “distorting impact of foreign government financial contributions or subsidies on United States federal procurement programs.”
- A review of President Biden’s Executive Order No. 14105 of August 9, 2023, which targeted Chinese private or government-controlled entities that were or will be engaged in activities pertaining to advanced semiconductor, quantum computing and AI capabilities.

***Impact on U.S. Businesses and Multinationals:*** These measures, taken together, appear likely to result in the coming months in, among other things:

- Levying of tariffs, particularly on China. Tariffs are likely to be used primarily as a trade tool, but also may be used to pressure U.S. allies (such as Mexico) to comply with Trump’s strategic priorities such as combating the international drug trade and border security.
- Renegotiation of trade agreements with (and potentially levying of tariffs on) Canada, Mexico and other trading partners.
- Escalation of existing trade disputes, including at the World Trade Organization or through other avenues.
- Reinstitution of China’s designation as a currency manipulator, with additional focus on trade remedies and potentially exogenous effects on the yuan.
- Additional export controls targeting, in particular, China, and potentially increased restrictions on outbound investment to China.

Companies conducting business in and with China are likely to see similarities to the policies and approach of President Trump’s first term. The longer-term impact for U.S. importers and exporters conducting business in other countries will depend on how the U.S. trade representative and other executive bodies implement President Trump’s recommendations.

#### **Taxation: “The OECD Global Tax Deal”<sup>2</sup>**

This executive order calls for notification to the OECD that “any commitments made by the prior administration on behalf of the United States with respect to the Global Tax Deal have no force or effect

within the United States absent an act by the Congress.” It also calls for an assessment within 60 days of whether any foreign countries: (1) are not in compliance with tax treaties with the U.S., or (2) imposed or may impose tax rules that “are extraterritorial or disproportionately affect American companies” so that measures may be considered in response.

**Impact on U.S. Businesses and Multinationals:** The Global Tax Deal, if implemented, would have obligated the U.S. to enforce a 15% minimum corporate tax. In the absence of its implementation, an enforcement provision in the deal could result in foreign countries subjecting U.S. companies to higher taxes. President Trump’s executive order is aimed at exploring avenues to undermine this enforcement provision.

**Energy: “Unleashing American Energy,” “Declaring a National Energy Emergency,” “Unleashing Alaska’s Extraordinary Resource Potential” and “Putting America First in International Environmental Agreements”<sup>3</sup>**

President Trump signed several orders to carry out his campaign promise of expanding U.S. energy production. “Unleashing American Energy” formally declares the expansive and ambitious U.S. policy, including:

- Encouraging energy exploration and production on federal lands and waters, including the Outer Continental Shelf.
- Becoming a leading producer and processor of nonfuel minerals, including rare earth minerals.
- Strengthening supply chains for the U.S. and allies, and reducing the global influence of adversarial states.
- Ensuring an abundant supply of reliable energy is readily accessible in every state.
- Eliminating the electric vehicle mandate and leveling the regulatory playing field for consumer choice in vehicles, including targeting unfair subsidies and other market distortions that favor EVs.
- Safeguarding freedom to choose goods and appliances, including lightbulbs, dishwashers, washing machines, gas stoves, water heaters and others.

The executive order also revokes prior orders from the Biden administration, seeks to expedite and simplify the energy permitting process including for LNG projects, disbands the Interagency Working Group on the Social Cost of Greenhouse Gases (IWG) and withdraws all guidance from IWG.

The order also highlights uranium for inclusion as a possible key mineral resource.

The executive order relating to Alaska calls for immediate reversal of “punitive restrictions” targeting resource development on state and federal lands in Alaska by expediting the permitting and leasing of energy and natural resource projects in Alaska and prioritizing development of Alaska’s LNG potential, including transportation and sale within the U.S. and with allies in the Pacific.

The executive order declaring a national energy emergency directs agencies to use other federal lands in support of energy production and transportation.

The executive order relating to International Environmental Agreements calls for the United States’ immediate withdrawal from the Paris climate agreement. Effective immediately, the U.S. International Climate Finance Plan is rescinded, and department and agency heads are instructed to revoke or rescind any policies enacted to advance the plan. The U.S. also will cease all financial commitments under the United Nations Framework Convention on Climate Change.

**Impact on U.S. Businesses and Multinationals:** The energy policy pivot in Alaska and across all federal lands is likely to result in substantially more domestic oil and gas exploration, which eventually could lower energy costs for U.S. manufacturers and spur private-sector investment in the United States. Specific potential effects for the oil and gas industry may include:

- Increased oil production in the Arctic Ocean, Bering Sea and Arctic National Wildlife Refuge;
- Substantial new incentives for oil and gas exploration in the region, including on 28 million acres of land previously prohibited for such use; and
- Expansion of U.S. energy exports into Asian markets based on the results of the Alaska LNG Project.

The withdrawal from the Paris climate agreement also may support President Trump's effort to encourage U.S. manufacturing by reducing the cost of compliance with more stringent climate regulations and emissions-reduction targets.

The elimination of subsidies for EVs as part of the broader energy plan almost certainly will reduce incentives for U.S. and foreign manufacturers not already well positioned in the U.S. market to expand production and export of EVs.

#### **Foreign Aid: "Reevaluating and Realigning United States Foreign Aid"<sup>4</sup>**

This executive order institutes a 90-day pause in disbursement of foreign aid to assess efficiency and "consistency with United States foreign policy."

The State Department, in consultation with the Office of Management and Budget, will issue guidelines for department and agency heads to review their respective foreign aid programs and report back to the secretary of state within 90 days.

**Impact on U.S. Businesses and Multinationals:** Any pause in foreign aid is likely to have significant ramifications for U.S. businesses and other multinationals operating in regions that rely on such aid for geopolitical stability. In the short term, this executive order may restrict further transfers of money or supplies to Ukraine, which could increase Russia's leverage to press for territory or seek an advantageous peace deal. Potential effects may include:

- Enhanced sanctions on Russia from the EU;
- Increased aid from the EU to Ukraine to compensate for the U.S.'s pause, which could bring commercial opportunities for EU and other ex-U.S. defense firms; and
- Easing of U.S. sanctions and proposals to the EU to ease sanctions on Russia as part of any peace deal.

In the longer term, reductions to foreign aid, paired with the U.S.'s simultaneous withdrawal from the World Health Organization, may result in deteriorating economic or security conditions in poverty- or conflict-stricken regions around the world.<sup>5</sup> Though significant U.S. defense aid also flows to Israel, a provision in the executive order permitting the secretary of state to waive the pause, ensuring continuity of the U.S.'s security commitments in that region.

#### **Other Executive Orders**

President Trump also formally established the Department of Government Efficiency.<sup>6</sup> At first blush, the DOGE executive order is narrowly focused on providing transparency and oversight of other government agencies to President Trump and his Cabinet. The order directs DOGE to improve the quality and efficiency of government-wide software, network infrastructure and information technology systems and promote interoperability between agency networks and systems. Agency heads must allow full and prompt access to all unclassified agency records, software systems, and IT systems. President Trump also signed an executive order establishing a 60-day freeze on new regulations.<sup>7</sup>

Longer term, DOGE is likely to support and expand upon President Trump's record of reducing regulations in his first term.

## Conclusion

The deluge of executive orders is likely the first of several installments focused on prioritizing President Trump's agenda on economic growth, trade and their impact on national security. Accordingly, U.S. business and multinationals should expect additional orders and actions on trade regulations (with a protectionist bent), export controls (with an eye toward limiting the power and influence of China and other geopolitical rivals) and other policies with both economic and national-security implications.

Given the significant shift in certain policies, and in some cases disruption of reliance interests, we expect continued uncertainty as businesses and interest groups challenge certain aspects of these EOs in court.

We anticipate releasing additional, targeted alerts as the details of President Trump's Day One agenda take shape.

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<sup>1</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/america-first-policy-directive-to-the-secretary-of-state/>

<sup>2</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/the-organization-for-economic-co-operation-and-development-oecd-global-tax-deal-global-tax-deal/>

<sup>3</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>;  
<https://www.whitehouse.gov/presidential-actions/2025/01/declaring-a-national-energy-emergency/>;  
<https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-alaskas-extraordinary-resource-potential/>;  
<https://www.whitehouse.gov/presidential-actions/2025/01/putting-america-first-in-international-environmental-agreements/>

<sup>4</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/reevaluating-and-realigning-united-states-foreign-aid/>

<sup>5</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/withdrawing-the-united-states-from-the-worldhealth-organization/>

<sup>6</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/establishing-and-implementing-the-presidents-department-of-government-efficiency/>

<sup>7</sup> <https://www.whitehouse.gov/presidential-actions/2025/01/regulatory-freeze-pending-review/>

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