



FACT SHEETS

FACT SHEET:
PRESIDENT DONALD J.
TRUMP ISSUES
DIRECTIVE TO PREVENT
THE UNFAIR
EXPLOITATION OF
AMERICAN INNOVATION

February 21, 2025

SAFEGUARDING AMERICA'S SOVEREIGNTY OVER ITS ECONOMY: Today, President Donald J. Trump signed a memorandum to defend American companies and innovators from overseas extortion.

- This Administration will consider responsive actions like tariffs to combat the digital service taxes (DSTs), fines, practices, and policies that foreign governments levy on American companies.
 - DSTs allow foreign governments to collect tax revenue from American companies simply because they operate in foreign markets, even though those companies are generally not otherwise subject to foreign jurisdiction.
- President Trump will not allow foreign governments to appropriate America's tax base for their own benefit.
- This memorandum directs the United States Trade Representative (USTR) to renew the DST investigations under Section 301 that were initiated during President Trump's first term, and investigate any additional countries that use a DST to discriminate against U.S. companies.
- The Administration will review whether any act, policy, or practice in the European Union or United Kingdom incentivizes U.S. companies to develop or use products and technology in ways that undermine free speech or foster censorship.
- Foreign governments will invite responsive actions from the Administration if they take steps to coerce U.S. businesses to hand over their intellectual property.
- Regulations that dictate how American companies interact with consumers in the European Union, like the Digital Markets Act and the Digital Services Act, will face scrutiny from the Administration.

DEFENDING AMERICAN COMPANIES FROM EXTORTION: President Trump's memorandum unveils a comprehensive approach to ensuring that U.S.

products and services are governed by the United States of America, not foreign governments.

- Rather than position their own companies and workers for success, foreign governments have been taxing the success of America's companies and workers.
 - America's economy will not be a source of revenue for countries that have failed to cultivate economic success of their own.
- To the detriment of America's economy, in recent years, a number of our trading partners began enacting DSTs to raise revenue for their own government spending.
 - Foreign governments could collect billions in DSTs from U.S. companies annually.
- This exploitation goes beyond DSTs to other forms of unfair fines, practices, and penalties that undermine the ability of American companies to operate as intended and force them to incur additional compliance costs, lowering U.S. global economic competitiveness.
- In terms of GDP, the United States digital economy has been larger than most countries' entire economy in recent years, including Australia, Canada, and most members of the European Union.
- America's digital economic dominance is driven by cutting-edge American tech companies, and the American innovation and workers behind them.

RESTORING THE ENTREPRENEURIAL SPIRIT OF AMERICA: President Donald J. Trump has a track record of protecting American manufacturers and empowering American innovators and workers.

- During his first administration, President Trump initiated Section 301 cases against DSTs and negotiated platinum-standard rules for digital trade with Japan and separately through the USMCA.
- President Trump demonstrated in his first term that punitive measures like tariffs strengthened the U.S. economy and brought back American

industry.

- Just last week, President Trump announced the “Fair and Reciprocal Plan” on trade to restore fairness in U.S. trade relationships and counter non-reciprocal trade agreements.
- On Day One, President Trump initiated his America First Trade Policy to make America’s economy great again.

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