

# Questions raised over US alliance after Trump rejects Australian tariff exemption

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The Trump administration's declaration that it will press ahead with a 25 percent tariff on steel and aluminium from Australia has triggered panic and alarm in the political establishment.

For the first time since Trump's election in November and his inauguration in January, there is a clear rift between the Australian Labor government and the US administration, and open discussion in ruling circles over the viability of the American-Australian alliance.

Australia is not unique, with the tariffs applying across the board. Numerous other US allies have thus also received a snub. The immediate economic hit is relatively limited, with Australian steel and aluminium exports to the US worth a modest \$1 billion or so per year.

However, the slap-down has vast political implications. Few imperialist powers in the world have tied their cart as closely to the American state as has the Australian ruling elite. For more than 80 years, the US has been Australia's chief geopolitical ally. Its own predatory operations, particularly in the South Pacific, have been underwritten by the alliance and security guarantees ratified in instruments such as the ANZUS treaty.

In recent years, the partnership has been taken to new heights, with Australia going all in with its support for the escalating US war drive against China. That has included a vast expansion of US basing and the increasing integration of the two countries' armed forces, such that the American military-intelligence apparatus is a major presence both in Australian politics and on its soil.

Under those conditions, the rejection of Australia's request for an exemption and the manner in which it was delivered were clearly intended as a message that nothing could be taken for granted, and the new Trump administration would do things differently. During his first term in office, Trump had granted such an exemption to Australia in 2018, but no longer.

When the tariffs were first unveiled in early February, Prime Minister Anthony Albanese had a phone call with Trump in which the US leader agreed to "give consideration" to Australia's exemption request.

Albanese and other Labor ministers had noted the major US trade surplus with Australia, the deep-going security ties, the small scale of its exports to the US and the fact that one of its few steel manufacturers, BlueScope, has also developed operations in America. They talked up the prospects even as, on the very same day of the phone call, the proclamation of the tariffs was released, including a denunciation of Australian "dumping" of aluminium in

the US market.

In the lead-up to the finalisation of the tariffs yesterday, Albanese sought another phone call with Trump, but was rejected. He appears to have found out that there would be no exemption in the same way as everyone else, through a US media briefing.

White House Press Secretary Karoline Leavitt told the assembled press that Trump had "considered" the request "and considered against it. There will be no exemptions." In the political equivalent of a middle-finger salute, she added: "American-first steel. And if they want to be exempted, they should consider moving steel manufacturing here."

Albanese has for weeks pledged to work as closely with Trump as possible, above all in the confrontation with China. He has refrained from criticising the fascist American leader on any issue, including his blatantly illegal declarations for ethnic cleansing in Gaza, the seizure of Canada and Greenland and sweeping attacks on democratic rights domestically.

On this occasion, though, Albanese clearly had no choice. He described the tariffs as "entirely unjustified" and "not a friendly act." They were, he said, "against the spirit of our two nations' enduring friendship and fundamentally at odds with the benefit of our economic partnership that has delivered over more than 70 years."

Albanese has ruled out retaliatory measures. Striking a highly nationalistic and rather pathetic note, he called on citizens to purchase Australian rather than American soft drinks the next time they visited a supermarket.

The muted response clearly expresses fears of a spiralling rift with Trump, if there were a stronger Australian reaction. As is often the case, junior representatives of the government were deployed to send a blunter message, with Industry Minister Ed Husic accusing Trump of having perpetrated a "dog act."

The most immediate consequence of the US rejection is that the questions of foreign policy and relations with the Trump administration have become an election issue. Labor, together with the Liberal-National Coalition opposition, had intended to avoid them in the official campaign. With an election due in May, both are in a major crisis, with neither likely to be able to form a majority government.

They had hoped to exclude the issues of foreign policy from the poll, because their policies, including support for the US-Israeli genocide in Gaza and a massive increase in military spending, are deeply unpopular. Neither party, moreover, has been able to

formulate any coherent response to the destabilising consequences of Trump's America First program, except to pledge to hew as closely as possible to the US president.

Coalition leader Peter Dutton has sought to make political capital out of the US rejection, accusing Albanese of being "weak" with Trump and denouncing his failure to seek an in-person meeting with the US president. Dutton has claimed that he would be able to secure an exemption, but as various media commentators have noted, literally no world leader has achieved such an accomplishment.

The somewhat confused and agitated political jockeying is only a surface reflection of far deeper currents that are raising existential questions for Australian imperialism and its representatives. Having based their operations entirely on the stability and seeming permanence of the US-Australia alliance, there is a sense that the ground is giving way beneath them. The question of whether the Australian ruling class can rely on Washington, as it has for decades, is being widely discussed.

An article by the *Sydney Morning Herald's* international editor Peter Hartcher summed up the moods. Hartcher, an anti-China hawk with close ties to the military-intelligence establishment in both Australia and the US, has been a devoted promoter of the alliance, but perhaps no longer. Australia, he wrote, "must reassess its relationship with the US."

Hartcher added: "Trump has given Australia a timely reminder of the advice of the 19th century British prime minister Lord Palmerston—nations have no permanent friends, only permanent interests." He then declared that Trump's geopolitical gyrations, including the shift away from the proxy war against Russia in Ukraine, had gone further than Palmerston's aphorism, indicating that the US may not even have permanent interests.

A particular cause of concern is the AUKUS pact with the US and the UK. It is a cockpit for planning war with China and for a vast militarisation throughout the Indo-Pacific, including Australia.

Under AUKUS, Australia is to acquire nuclear-powered submarines from the US, and then to jointly build craft with Britain, at a cost of \$368 billion. As part of the pact, Australia has agreed to fund the US shipbuilding industry to the tune of \$US3 billion. Defence Minister Richard Marles handed over \$500 million to the US, as the first installment, only weeks before the tariff slap-down.

In comments to the *Herald*, Admiral Chris Barrie, former head of the Australian Defence Force, said that the US had become "an unreliable ally."

Barrie recalled Britain having sold dreadnought battleships to the Ottoman Empire, before forcefully repossessing them when World War I began. The US could do the same. "It is important for us to develop a plan B because of the real possibility the US will never give us the submarines because they need them for themselves," he stated.

The issue goes beyond AUKUS. As a middle-order imperialist power, the Australian state has always advanced its own interests under the umbrella of the dominant power of the day. First, Britain and then, amid its decline, a Labor government shifted primary allegiance to the US in 1941 during World War II.

Now, however, with the US alliance potentially shaky, there is no obvious replacement. Britain, whatever its aspirations, is economically and militarily incapable of playing a dominant world role. The European powers, such as Germany and France, while rapidly remilitarising and pushing their interests, including in opposition to Trump, have a negligible presence in the Indo-Pacific.

Based on its whole history and its position in the global economy, China, despite its massive economic growth, is not an imperialist power. It is locked out of control of the imperialist institutions of finance capital, still dominated by the US and to a lesser extent Europe.

In addition to the strategic uncertainty, Australia's economy is extremely vulnerable to the global shocks. After decades of the destruction of manufacturing and industry, it is largely an extractive and service economy. Some 32 percent of all Australian exports went to China in 2023. But China is the central target of the US trade war, raising the prospects of a reduction in demand. On the other hand, the US is the largest source of direct foreign investment in Australia, accounting for roughly a quarter of the total.

The economic and trade relations will inevitably be impacted by the geopolitical and economic upheavals that are underway. The contradiction between Australia's trade dependency on China and its commitment to Washington's confrontation with Beijing will only become more acute. Australia's integration into those war plans, including the stationing of US strike assets on the continent, is so far advanced as to be potentially irreversible.

The ruling elite and its political representatives have no clear answer to the fundamental dilemmas they face. But they do have a program. The discussion over the US alliance has included an insistence in the financial press that the uncertainties require a massive productivity drive—i.e., an increase in the exploitation of the working class, as well as "budget repair," through sweeping cuts to social spending. At the same time, they have insisted that in this situation, military spending, already at record levels, must be increased by tens if not hundreds of billions of dollars.



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