

Confusion as world awaits next move in Trump trade war

Nick Beams
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As has become par for the course, the approach of April 2, dubbed by Trump as “liberation day” when his regime will take action via “reciprocal tariffs” against all the countries, friend and foe alike, that have been “ripping off” the US for decades, is surrounded by confusion.

After indicating that his retaliatory regime will be broad-based, Trump has indicated it could be more targeted, and exemptions may be given. The indication from administration officials is that this may cover the few countries with which the US has a trade surplus rather than a deficit, but no one knows for sure if this will apply.

Speaking to reporters on Monday, Trump said: “I may give a lot of countries breaks. They’ve charged us so much that I’m embarrassed to charge them what they’ve charged us, but it’ll be substantial, and you’ll be hearing about that on April 2.”

In previous comments he said it would be “liberation day” for the US. “We’ve been ripped off by every country in the world, friend and foe.”

The “reciprocal tariff” covers more than the direct tariff imposts on US exports. It includes any measures in a country’s internal policies, such as taxes, subsidies, and regulations, that are deemed to adversely affect US companies.

One of the reasons for any pull back or delay in the full-scale agenda may well be the enormous amount of work involved in examining the economic policies of a given country to determine their impact on US exports.

Apart from the “reciprocal tariff” program directed against countries, Trump has announced additional tariffs on a number of commodities.

He told reporters at an Oval Office briefing that the threatened tariffs on cars would go ahead “fairly soon over the next few days,” in advance of the broader

measures.

Without providing any details, he also said he planned to go ahead with tariffs on lumber and semi-conductors. He repeated his threat to impose tariffs on pharmaceutical drugs, saying they would come “in the very near future.”

One of the most significant announcements was that he intended to impose a 25 percent tariff on all imports from any country that buys oil from Venezuela. This is aimed directly against China and India, two of the largest buyers of Venezuelan oil. For China, the impost would be on top of the 20 percent tariff already being levied on its exports, taking the total rate to 45 percent.

The announcement was accompanied by a series of rants against Venezuela and the government of Nicolas Maduro which successive US administrations have been trying to overthrow.

Venezuela exports around 600,000 barrels of oil a day of which about 230,000 barrels per day went to the US last year, making it the fourth biggest international supplier of the US. The US Treasury has already ordered Chevron to cease its operations and extended its initial deadline to May 27.

Oil analysts have warned that if Venezuelan oil came out of the market that could cause disruption, leading to increased prices at the petrol pump, in opposition to Trump’s stated goal of lowering prices.

At this stage it appears that the tariffs on April 2, also dubbed by Trump as the “big one,” are aimed at a group of 15 counties which have a persistent trade surplus with the US. They were branded the “dirty 15” in a television interview on Fox Business given by treasury secretary Scott Bessent last week—a designation since taken up in the media.

The language employed is an expression of the character of the Trump regime as it breaks apart all the

relationships on which the post-war order was based. Major trading nations are labelled “dirty”—criminals, seeking to rob the US.

Last year the 15 comprised in descending order: China, the European Union, Mexico, Vietnam, Taiwan, South Korea, Canada, India, Thailand, Switzerland, Malaysia, Indonesia, Cambodia and South Africa.

“What’s going to happen on April 2—each country will receive a number that we believe represents their tariffs. For some countries it could be quite low. For some countries it could be quite high,” Bessent said.

Then, in the posture of a Mafia boss, he continued: “I’m optimistic that April 2nd, some of the tariffs may not have to go on because a deal is pre-negotiated, or that once countries receive their reciprocal tariff number, that right after that they will come to us and want to negotiate it down.”

The reciprocal tariff number will not only encompass the tariff rate actually charged on US goods but will be calculated to include domestic policies of the country which the administration claims adversely affect US exports in the same way as a tariff.

Countries in the firing line are engaged in a frantic round of discussions to try to secure some kind of exemption. The European trade chief Maros Sefcovic met with commerce secretary Howard Lutnick and US trade representative Jamieson Greer yesterday. India’s government also sought exemptions in a meeting with a US delegation.

Those such as Australia, which have a trade deficit with the US, are hoping that will mean they will be excluded from the April 2 measures. Earlier efforts by government officials, using the deficit argument to try to gain an exemption from the 25 percent tariff on steel and iron, were unsuccessful.

The Australian Pharmaceutical Benefits Scheme has been specially targeted by the major US drug corporations as a barrier to their profit making that should be subject of retaliatory action.

Commerce Secretary Lutnick told reporters after a cabinet meeting that the administration would also announce its plans for a new department, the “External Revenue Service,” which would oversee tariff collection and “build the power and prestige of America back.”

The proposal to establish the new body was announced in Trump’s executive order on America

First Trade Policy issued on January 20 after his inauguration. Its role was not set out other than to say it would recommend the best method for designing and building the means to collect tariffs, duties and other foreign trade-related revenues. Little has been heard of it since.

At this point its precise role is not clear because tariff revenues are collected by the Customs and Border Protection department.

However, Lutnick’s remarks indicate it will function as some kind of permanent body to prosecute and deepen the economic war to be launched on April 2.



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