

# Trump threatens to hike anti-China tariffs again amid growing financial turmoil

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In the midst of growing turmoil in global financial markets, which has seen trillions of dollars wiped off share values around the world as a result of the US economic war, President Trump has threatened a further 50 percent hike in tariffs on goods coming from China.

The threat is in response to the retaliation by Beijing to the so-called 34 percent “reciprocal tariff” imposed on China last week.

In a social media post, Trump wrote that if China did not remove its 34 percent response by today, “the United States will impose ADDITIONAL tariffs on China of 50 percent effective April 9th.”

If the additional tariff is imposed, it would bring the cumulative tariffs imposed on China to more than 120 percent.

There are no signs that Beijing is backing down, and it does not appear to be seeking negotiations or talks. Rather, it seems that Beijing is of the view that the fall in Wall Street—the market is on the verge of entering bear market territory (a fall of 20 percent from the previous high)—will mean the US will buckle.

Responding to the latest US threat, a spokesperson for the Chinese embassy said: “This is a typical move of unilateralism, protectionism, and economic bullying. We have stressed more than once that pressuring or threatening China is not a right way to engage with us. China will firmly safeguard its legitimate rights and interests.”

In other statements yesterday, Trump insisted that, contrary to some media reports, he was “not looking” for a pause in the imposition of the tariffs to allow for negotiations with the “many countries” seeking talks.

“We’re going to get fair deals and good deals with every country, and if we don’t, we’re going to have nothing to do with them; they’re not going to be allowed to participate in the United States,” he said.

Speaking at a press conference after a meeting with Israeli Prime Minister Benjamin Netanyahu, he indicated that while there could be negotiations, “there are things that we need beyond tariffs.”

This comment points to one of the wider objectives of the tariff war, which is to align countries with the foreign policy of US imperialism, above all its drive against China.

This was indicated in the Fact Sheet on the tariff announcement of April 2, which said there could be an adjustment to decrease tariffs “if trading partners take significant steps to remedy non-reciprocal trade arrangements and align with the United States on economic and national security matters.”

The biggest “national security” issue as far as the US is

concerned is the economic rise of China, which it considers the greatest threat to its global dominance and which it is determined to crush by all means it considers necessary, including war.

The objectives of the administration were set out by Trump’s senior counselor for trade and manufacturing, Peter Navarro, in a comment piece published in the *Financial Times* (FT).

Navarro, the leading anti-China hawk in the Trump entourage, said the international trading system was broken. It was “rigged against America,” resulting in a “national emergency threatening our economic prosperity and national security.”

He insisted the issues went far beyond tariffs as such and included the “barrage of non-tariff weapons,” including subsidies, product standards, licensing regimes, customs procedures, to name but a few, which were used to “strangle American exports.”

Among the hardest-hit countries are in Southeast Asia—Cambodia faces a 49 percent tariff, and Vietnam 46 percent—which have become manufacturing platforms for companies, including many US firms, that shifted some of their operations out of China to try to avoid the tariffs imposed under the first Trump administration.

Navarro’s comment made clear why the offer by Vietnam to cut its tariff to zero cut no ice, because the tariff hikes on this region have been directed against China.

“We want to hear from countries including Cambodia, Mexico, and Vietnam that you will stop allowing China to evade US tariffs by trans-shipping exports through your countries,” he wrote.

In the market turmoil yesterday, Asian stock markets were the hardest hit. The biggest fall was recorded by Hong Kong’s Hang Seng index, which dropped by more than 13 percent, its worst single day this century, outstripping the falls recorded in 2008 and the pandemic selloff in March 2020.

At the end of the global trading day, Wall Street steadied after the two-day selloff last week, the fourth-largest in the post-war period.

The day began with a further steep decline. The market then rose on incorrect reports that Trump was considering a pause in the tariff hikes and then came back down again, with the S&P 500 finishing with a loss of only 0.2 percent.

But the market turmoil is far from over. It could be about to enter a new phase.

The big hedge fund investors are financed by the banks to make their deals and have to stump up money to continue to receive credit. As the price of their assets falls, the banks issue a margin

call for increased funds. Such calls are now increasing as the value of financial assets plummets, and investors are being put in a position where they may need to sell some of their assets to meet the call, which can then result in a broader selloff and even a panic.

The trading day was marked, above all, by statements from leading financial oligarchs about the depth of the crisis now confronting the US economy and its financial system as a result of the global mayhem caused by Trump's tariff war.

Many of them backed Trump in the election on the basis of his promises to further cut taxes and regulations, opening the way for their accumulation of wealth to even greater heights. They took account of his tariff threats but considered they would be essentially 'transactional,' aimed at securing concessions from trading partners.

But they have now discovered they got rather more than they bargained for. No one envisaged that the Trump agenda would involve the destruction of the entire international trading system.

The warnings of the consequences of the Trump regime's actions for both the US and global economy have come thick and fast.

Multi-billionaire hedge fund chief Bill Ackman said the US was "heading for a self-induced nuclear winter" and called for a 90-day pause to resolve issues by negotiation.

"If, on the other hand... we launch economic nuclear war on every country in the world, business investments will grind to a halt, customers will close their wallets and pocketbooks, and we will severely damage our reputation with the rest of the world that will take years and potentially decades to rehabilitate."

While piling on support for Trump in the election campaign as he made clear tariffs were a central part of his agenda, Ackman said: "This is not what we voted for."

Addressing a gathering of business executives and investors at the Economic Club of New York, Larry Fink, the head of the world's biggest asset management company, BlackRock, said the US economy was "weakening as we speak." The FT reported that there were "audible gasps" from members of the audience as he spoke.

"When you see a 2 percent market decline in three days obviously it has significant impacts, and the ripple effect of the potential of tariffs is going to be long-standing. The market is impacting Main Street."

Ken Lagone, a long-time Republican donor, co-founder of the retail giant Home Depot, lambasted the Trump tariffs in an interview with the FT, saying they were too high and had been carried out too quickly.

The 46 percent tariff on Vietnam was "bullshit," and the 34 percent tariff hike against China was "too aggressive, too soon."

In his widely-read annual letter to shareholders, JP Morgan chief executive Jamie Dimon warned that the tariffs "will probably increase inflation and are causing many to consider a greater probability of a recession."

He said the quicker the issue was resolved, the better because "negative effects increase cumulatively over time and would be hard to reverse."

Michael Strain of the right-wing, free-market supporting

American Enterprise Institute issued a comment warning that the damage caused by tariffs, wiping off trillions of dollars in share values, would not be limited to financial markets.

"Around half of all imports into the US homeland are used by American manufacturers as inputs to produce goods. By increasing the costs of production, Trump's tariffs will reduce the competitiveness of US manufacturers. This will destroy manufacturing jobs, not promote them. Higher consumer prices from tariffs and trillions of dollars of wealth destruction will reduce consumer spending, threatening recession and rising unemployment. Uncertainty will freeze business investment, likely leading to layoffs. US manufacturing exporters will be hit hard by any foreign nations that choose to retaliate," he said.

But despite these and many other such warnings, and the fall in the stock market, Trump has insisted there will be no let-up. Speaking to reporters on Sunday, he said: "I don't want anything to go down. But sometimes you have to take medicine to fix something."

But the problem that confronts Trump and every other representative of the capitalist ruling class, whatever their differences with Trump, is that there is no 'fixing' of the global capitalist economy on the basis of their policies.

It is wracked by the objective contradiction, irresolvable within the framework of the private profit system, between globalized production and the division of the world into rival nation-states and great powers that has now erupted in the form of a global economic and trade war.

The only progressive solution to the deepening crisis is the fight for international socialism and the ending of the bankrupt and historically outmoded capitalist system—a program that must be taken up by the working class as the only practical and viable program of the day.



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