

# Trump says tech tariff exemption only temporary

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After announcing that electronic goods, such as iPhones and semi-conductors, would be exempted from his so-called “reciprocal tariffs,” US president Trump has said they could soon be imposed through another mechanism.

Barely 24 hours after announcing the exemption as a result of pressure from Apple and other tech giants, Trump made clear the reprieve was only temporary.

“Nobody is getting ‘off the hook’ for the unfair trade balances, and non-monetary tariff barriers, that other countries have used against us, especially not China which, by far, treats us the worst!” he wrote in a social media post yesterday.

Tariffs on electronic goods are set to be re-imposed as a result of national security investigations into this sector, as well into pharmaceuticals, expected to be concluded within two months.

Expanding on Trump’s social media post, commerce secretary Howard Lutnick said: “What he’s doing is he’s saying they’re exempt from the reciprocal tariffs. But they’re included in the semi-conductor tariffs, which are coming in probably a month or two.”

Asked if tariffs on iPhones might be imposed, Lutnick replied: “Correct. That’s right ... We need our medicines and we need semiconductors to be built in America.”

While the tariffs are completely irrational, if not totally insane, from an economic standpoint, they do have geopolitical and military content.

Speaking about the imposition of tariffs on steel in March and the threat against pharmaceuticals, Trump said: “We don’t make pharmaceuticals anymore and if we have problems like wars or anything else, we need steel, we need pharmaceuticals.”

The military dimension of the economic war is virtually excluded from coverage of Trump’s actions in the so-called mainstream media. But it is very present in the documents accompanying the measures which emphasise that “national security,” that is military preparation, is

front and centre.

The executive order of April 2, announcing the “reciprocal tariffs,” said the large and persistent “goods trade deficits” had “hollowed out” domestic manufacturing capacity, undermined critical supply chains “and rendered our defense-industrial base dependent on foreign adversaries.”

In all their pronouncements, Trump and his officials continually refer to the “goods trade” deficit, ignoring the fact that in the provision of services the US has a trade surplus. This is because services, such as the design of software and computer programs, while they are vital for the military, do not provide the actual hardware and materiel needed.

Following up on Lutnick’s comments in a further social media post yesterday, Trump emphasised “national security” considerations.

He said the administration would be “taking a look at semi-conductors and the whole electronics supply chain in the upcoming National Security Tariff Investigations.”

The total absurdity of the tariff measures and the utter derangement of Trump officials on the economy was underscored in recent remarks by Lutnick.

“The army of millions and millions of human beings screwing in little, little screws to make iPhones, that kind of thing is going to come to America.”

The remarks were so ridiculous that one even must wonder if he was not trying to mock the entire agenda.

In any case it is totally impossible. It has been estimated that an iPhone “made in America” would cost \$3500 and that Apple would need at least three years and \$30 billion to shift a tenth of its supply chain from Asia back to the US.

It remains to be seen what effect the latest twist in the Trump tariff war will have when markets open today. But the developments last week, particularly in the bond and currency markets where yields on 10-year Treasuries rose

sharply and the dollar fell, indicate a growing crisis of confidence in the US financial system.

In a “normally” functioning financial market, US Treasury bonds are a risk-free safe haven in times of turbulence. But as the implications of the Trump economic war sink in, they have become the centre of risk, as reflected in the increase in yield as bond prices fell. The two move in opposite directions.

There are many comments from analysts, bankers and financial executives which underscore the historic nature of what has taken place. Essentially, the entire framework within which the global capitalist system operated in the post-war period has been shattered and cannot be restored.

In remarks reported in the *Australian Financial Review*, Kathy Jones, the chief fixed income strategist (bond market specialist) at the investment Charles Schwab, said: “The issue facing the markets is a loss of confidence in US policy. The abrupt changes in tariff policy have caused leveraged trades [those based on large amounts of debt] to come undone and sent buyers to the sidelines.”

Bhanu Baweja of the Swiss bank UBS said: “This is so scary. We are re-defining the risk-free rate of the world. If you put volatility in the risk-free rate of the world, it will upend every market.”

There is a myriad of such comments to be found.

Yesterday, the founder of the Bridgewater hedge fund and something of a student of the workings of the global financial system, billionaire Ray Dalio, told the NBC program *Meet the Press*: “Right now we are at a decision-making point and very close to a recession. And I’m worried about something worse than a recession if this isn’t handled well.”

He said he was concerned about trade disruptions, rising debt and the bringing down of the entire economic and geopolitical structure that had been in place since World War II and the shift from multilateralism to a “unilateral world order in which there’s great conflict.”

In the growing financial turbulence, the very value of money was at stake and that a breakdown in the bond market, combined with international conflict, would bring about disruption to the international monetary system even more severe than president Nixon’s removal of the gold backing from the US dollar in 1971 and the global crisis of 2008.

Fears over the very value of money are reflected in the rising price of gold which is hitting new record highs on almost a daily basis.

The gold price escalation is extremely significant. After the gold backing was removed, the dollar continued to

function as world money.

But it has operated as a fiat currency, not backed by gold as real value, but has rested on the economic, political and financial power of the US state.

Today that imperialist state, plunging ever deeper into debt and with a financial system riddled with speculation, parasitism and outright criminal corruption, as graphically revealed in the 2011 Senate report on the 2008 meltdown, is at the very centre of the crisis.

In an earlier interview with the business channel CNBC, Dalio said he agreed with Trump on the problem—rising government debt now at \$36 trillion and a growing trade deficit—but was very concerned about the solution. He could offer no viable alternative, however.

In a post on X last week, he called for a trade agreement with China describing it as a “win-win” outcome. But a deal between China and the US to jointly manage the world and prevent it plunging into an economic and financial crisis is impossible.

This is because, whatever short-term agreements may be reached there can be no long-term arrangement because that would involve US imperialism making major concessions to Beijing. All factions of the US ruling class, whatever their tactical differences with Trump, are united in their determination to ensure there is no so-called multipolar world. US hegemony must be maintained at all costs and that means the subordination of China.

What will exactly come out of the wreckage of the entire post-war order remains to be seen. But signs of a division of the globe into three blocs—one centred on the US, one on Europe and one based on China and the so-called BRICS group of countries—are starting to emerge.

It is too early say with any certainty who will line up where. But the fracturing, already underway before Trump arrived on the scene, is becoming ever more palpable and, as in the 1930s when the world was divided in such a way, it points in the direction of war.



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