

# After adverse court ruling, Trump steps up tariff war

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In the wake of the decision last week by the US International Court of Trade that his April 2 “liberation day” reciprocal tariffs were illegal, President Trump has stepped up his tariff war against China and the rest of the world.

The decision against reciprocal tariffs, introduced under the 1977 International Emergency Economic Powers Act, appears headed for the Supreme Court for final adjudication, but Trump has lost no time in hiking tariffs in areas not covered by the decision. He has also made threatening noises against China following the 90-day pause in the tariff hikes against it, indicating that negotiations are proceeding too slowly.

The steel and aluminium hikes were announced at a rally in Pennsylvania on Friday in support of a deal between the Japanese firm Nippon Steel and US Steel at which Trump declared he would erect a tariff “fence” around US metals production.

From June 4 tariffs on aluminium and steel will be doubled from the present levy of 25 percent to 50 percent.

“Nobody is going to get around that,” he said. “At 25 percent, they can sort of get over that fence. At 50 percent they can no longer get over the fence.” Touting the \$15 billion deal with Nippon—which he had committed to block during his presidential campaign—Trump said it was a “blockbuster agreement” which ensured that this “storied American company remains an American company.”

Across the border in Canada there have been warnings of a “catastrophe” with factory slowdowns and major job cuts in the steel industry because of the new tariff hikes. Other steel exporters to the US are making their calculations as to its effects.

Canada is the largest international supplier of both steel and aluminium to the US. It accounted for nearly one quarter of US steel imports in 2023 and about a half of aluminium imports in 2024.

The aluminium industry has yet to comment, with the Aluminium Association of Canada saying it was waiting for “clearer and more formal legal confirmation.”

But the Canadian Steel Producers Association (CSPA) has said the new tariff threat “essentially closes the US market” to Canada and will have “unrecoverable consequences.”

The Canadian steel industry, which is valued at around \$11 billion, employs 23,000 workers and supports an additional 100,000 indirect jobs.

A statement by the CSPA said the 50 percent tariff would cut domestic industry production in half.

“A 25 percent tariff is difficult, but a 50 percent one is catastrophic,” CSPA president Catherine Cobden told the *Financial Times*.

The CSPA statement issued in her name said: “Steel tariffs at this level will create massive disruption and negative consequences across our highly integrated steel supply chains and customers on both sides of the border.”

Her response, however, was to demand an intensification of the tariff war which can only create further “catastrophic” consequences.

She called for the Canadian government to respond immediately to “fully reinstate retaliatory steel tariffs to match the American tariffs and to match as quickly as possible new tariffs at our own border to stop unfairly traded steel from entering Canada.”

This nationalist response was echoed by the Canadian United Steelworkers national director Marty Warten who said the tariff was a “direct attack on Canadian industries and workers” to which Canada “needs to respond immediately and decisively.”

The tariff hikes on steel and aluminium were accompanied by increased condemnations of China by Trump following the announcement last month of a 90-day pause in the 145 percent “reciprocal” tariffs, to allow negotiations to take place.

In a post on his social media account, he accused China of violating the agreement reached in Geneva for the truce.

He said he had made a fast deal to save them “from what I thought was going to be a very bad situation” but that China had now “totally violated its agreement with us. So much for being Mr Nice Guy!”

Trump did not specify how the agreement had been violated by China nor indicate what action, if any, would be taken.

From comments by US trade representative Jamieson Greer to the business channel CNBC on Friday it appears to be US dissatisfaction over the lifting of restrictions imposed on the export of critical minerals introduced by China in retaliation against the US tariff hikes.

He said that US officials had not seen the “the flow of some of those critical minerals like they’re supposed to be doing. We’re very concerned with it. The Chinese are slow rolling their compliance, which is completely unacceptable and has to be addressed.”

Earlier treasury secretary Scott Bessent said the talks with China were a “bit stalled” and might need to be invigorated with a call between Trump and Chinese President Xi Jinping.

“Given the magnitude of the talks... this is going to require both leaders to weigh in with each other,” he said, adding that he was “confident that the Chinese will come to the table when President Trump makes his preferences known.”

But one of the problems is determining exactly what are the US preferences. The basic drive of US policy toward China is the suppression of its economic development, above all in the areas of high-tech and artificial intelligence, which it sees as the greatest existential threat to continued US global dominance.

Neither Xi, nor any other Chinese leader could agree to such measures. In fact, the whole thrust of the program of the government has been to develop high-tech manufacturing, involving the growing use of AI which has made it a world leader in many manufacturing processes.

The US will not be satisfied with an agreement which stipulates that China should buy more American goods. That was the basis of deals reached in the first Trump administration which did virtually nothing to reduce the US trade deficit.

While Bessent is touting talks to smoothen the negotiations, others in the administration are sharpening their knives. Speaking to reporters, Stephen Miller the

White House deputy chief of staff for policy, said while Trump preferred cooperation, China’s behaviour “opens up all manner of action for the United States.”

What action he did not specify. But the objective logic of the conflict points to the increased use of the military by the US to pursue its objectives.

This issue was directly connected to the increased steel tariffs by White House chief economic adviser Kevin Hassett in an interview on ABC.

He said “we don’t want war” and it was expected Trump was going to have a “wonderful conversation” with Chinese president Xi Jinping over trade negotiations.

“But the bottom line is we’ve got to be ready in case things don’t happen the way we want, because if we have cannons but not cannonballs, then we can’t fight a war. And if we don’t have steel, then the US isn’t ready and we’re not preparing ourselves for something.”

On the wider issue of the decision by the International Court of Trade, Greer said the legal defeat of the administration was not hampering negotiations with other countries—after it had insisted on the exact opposite in the court hearings—and that it was just a “bump in the road, rather than any fundamental change.”

Greer said he was “confident about the case” and if it went the other way “we have other tools as well.”

This was also the central message of Commerce Secretary Howard Lutnick in an interview on Fox News yesterday, even if Trump’s attempt to impose tariffs under the IEEPA was blocked.

“Rest assured, tariffs are not going away,” he said. “He has so many other authorities that even in the weird and unusual circumstances where this was taken away, we just bring on another or another or another.”



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