

# Trump imposes new tariffs as warning lights on US economy flash

Nick Beams  
29 September 2025

US president Trump has imposed a new set of tariffs invoking “national security” on a range of products including branded and patented pharmaceuticals, heavy trucks, furniture and kitchen cabinets and bathroom vanities.

From October 1, a 25 percent tariff will be imposed on heavy trucks, a levy of 30 percent on upholstered furniture and 50 percent impost of kitchen cabinets and bathroom vanities.

The tariff on pharmaceutical products, which will not cover generic drugs, will be 100 percent with companies possibly able to secure an exemption if they are they “building their pharmaceutical manufacturing plant in America” according to a Trump social media post.

The post said there would be no tariff imposed if construction had started.

The personalised character of decision-making in the Trump regime was illustrated by the fact that just 12 hours before the latest decision, the US trade representative, Jamieson Greer, was in Malaysia for negotiations with Southeast Asian officials and told reporters there were no plans for new tariffs.

The new tariffs, as with those on cars, steel and aluminium have been imposed under Section 232 of the Trade Expansion Act of 1962 which gives the president the power to impose tariffs on “national security” grounds after an investigation by the Commerce Department.

The so-called “reciprocal tariffs” which cover an entire country, and which range from 10 percent to 50 percent, have been imposed under the International Emergency Economic Powers Act of 1977 (IEEPA). The International Court of Trade ruled in May that Trump had exceeded his powers in using this legislation in a decision that has since been upheld by a

federal appeals court.

The Trump administration has taken its appeal to the Supreme Court claiming there could be a major economic and financial crisis if the tariffs imposed under the IEEPA were revoked.

When the reciprocal tariffs were first announced in April, Trump’s claims they would bring billions of dollars into America were quickly exposed as economic nonsense because the tariffs are not paid by the exporter but by the importing company which would either absorb them or pass them on to final consumer—households or corporations.

But since then, the meaning of Trump’s assertions has become clear. The reciprocal tariffs are the key weapon in what is a massive international shakedown operation, more akin to Mafia measures than anything seen in the history of international trade.

The so-called agreement with Japan spells this out. Under the threat it would have a 25 percent tariff imposed on it—resulting in potentially hundreds of billions of dollars of losses for its auto industry—the Japanese negotiators agreed to Trump’s terms.

In return for the reduction of the tariff to 15 percent, Japan would provide \$550 billion to be invested in US industries to be determined by a committee comprised solely of US representatives, effectively controlled by Trump.

If Japan decided not to go ahead with the investments it would be subjected to the return of the tariff at the previous rate, and possibly higher.

In the event that the investments funded by Japanese capital started making a profit after initial costs are recouped 90 percent would go to the US with 10 percent for Japan.

The US is now engaged in “negotiations”—again a standover operation—with South Korea. Here the

demand is that it supplies \$350 billion along the lines of the agreement with Japan.

When the supposed deal was announced in late July Trump wrote on social media that South Korea had agreed to “give to the United States \$350 billion for investments owned and controlled by the United States, and selected by myself, as president.”

In an interview with the business channel CNBC earlier this month commerce secretary Howard Lutnick invoked the Japan agreement as the basis for dealing with South Korea.

“The Japanese signed the contract,” he said. “The Koreans either accept the deal or pay the tariffs. Black and white. Pay the tariffs or accept the deal.”

One of the objections from the South Korean side is that the stipulation that the money be provided in US dollars will destabilise its currency, the won, in international currency markets. The won is more volatile than the Japanese yen and the country’s foreign exchange reserves are around one-third the size of Japan’s.

The issue has been further clouded by the arrest and detention of Korean workers in an immigration raid.

As Haeyoon Kim, the founder and publisher of *Korea Tech and Trade Watch* wrote in the *Financial Times* (FT) last week: “Having watched how quickly handshakes at a summit in Washington can turn into handcuffs in an immigration raid in Georgia, public sentiment in Seoul toward the deal is showing signs of hardening.”

One of the options under discussion is whether South Korea would be better off having the tariff imposed and using the money demanded by Trump to provide assistance to the companies hit by the tariffs.

In the US itself, the big lies with which Trump has promoted his tariff war against the world (including that it would bring a “golden age” for the American economy) are unravelling. Soyabean farmers are bringing in their crops and finding that the China market has disappeared—one of the effects of retaliation.

As a recent report in the FT noted: “For decades, more than half of all US soyabeans went to China, the world’s biggest buyer. But this year... not a single American soyabean has headed east, leaving farmers struggling to stay afloat as bins fill and prices sag while China turns to record supplies from Brazil.” An industry representative in Minnesota has said growers

face a “glut of soyabeans” which could be “devastating.”

Manufacturing industry was supposedly going to get a boost from tariffs, But the sector has lost 78,000 jobs so far this year, not least because of the tariff-induced rise in the cost structure. Data from the Commerce Department, for example, show the impact on steel used by many companies in this sector. The average price of steel in the US is \$960 per tonne, compared to a world average of \$440.

According to the Commerce Department the manufacturing share of GDP fell to 9.4 percent in June, compared to 9.7 percent at the end of last year.

Two companies heavily involved in the auto industry, Tricolor and First Brands, have collapsed this month, the latter with debts estimated to be as much as \$10 billion.

The *Wall Street Journal* reported last week that the auto industry was “flashing warning lights” on the state of the US economy as CarMax, the biggest seller of used cars, announced that its sales and profits had plunged in the last quarter, sending its stock price down 20 percent.

Across all sections of industry executives are putting off making investment decisions or shelving them altogether because of the rising costs and uncertainty generated by Trump’s policies. As one exploration and production executive in the shale industry put it in response to a survey conducted by the Federal Reserve Bank of Dallas: “The noise and chaos is deafening! Who wants to make a business decision in this unstable environment?”



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**