Vital Briefing—Tariff Insights

Trump's "forced labor" tariffs face skepticism, lawsuits

By Thomas Thompson

The latest initiative by the Trump administration to impose global tariffs has been greeted with lawsuits by a handful of small U.S. importers as well as 25 states.

Foreign countries' practices of importing goods created by "forced labor" was cited at the basis for the tariff. The administration believes that the trade in forced labor products undercuts U.S. producers' ability to compete in international commerce when lower priced forced labor goods enter the market.

It has been against the law to import goods created by forced labor into the U.S. since 1930 when that year's Tariff Act came into effect.

Pushback. On July 24, the day new forced labor tariffs came into effect, Burlap and Barrel, a New York spice importer, and Collective Horology, a watchmaker based in California, filed suit in the U.S. Court of International Trade (CIT) seeking to turn back the new taxes.

A week later, on July 31, Learning Resources, a small educational toy maker from Illinois, and co-plaintiff HMTX Industries, a Connecticut flooring company, sued the Trump administration to stop the 10 percent to 12.5 percent tariffs imposed by on countries that supply key products and components.

In a lawsuit led by California, Arizona, and Oregon, 25 states filed their own lawsuit with the CIT. California has joined two previous coalitions of state attorneys general to overturn the earlier tariffs.

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In an August 3 press release announcing the action, the California AG notes the forced labor tariffs constitute Trump's third attempt to impose tariffs worldwide.

The AG's press release states, "Tariffs are taxes, and the American people cannot and should not shoulder the extra costs that come from the President's failed and illegal economic policy — no matter how much the President wants them to."

The release claims the president is "imposing tariffs without the legal authority to do so."

The press release also points to research published earlier this year from the Federal Reserve Bank of New York showing that for most of 2025 more than 90 percent of the price effects of Trump's tariffs was borne by consumers.

Volatile tariff policy. The July 24 tariffs were in the works since March 6 when the U.S. Trade Representative launched investigations into 86 countries' trade practices as they relate to their participation in the international trading of products derived from forced labor.

The USTR found each country is not sufficiently diligent in guarding against importing products of forced labor.

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Asserting "The Tariff Action is arbitrary, capricious and contrary to law," the suit

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by the 25 states alleges, "The tariffs the USTR imposed are so broad that they defy the USTR's own stated aims and make a mockery of the statute used to justify them."

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Learning Resources was a named plaintiff in the February 20 Supreme Court decision that rolled back Trump's first tariffs which were imposed under the International Emergency Economic Powers Act.

According to a recent Chicago Tribune article, Learning Resources has received about $10 million in tariff refunds ordered by the CIT after its Supreme Court victory. The company hopes to recover another $2 million from illegally charged tariffs.

Elana Ruffman, the company's chief marketing officer, told the paper, "We did not change our prices for 2026. That's our mechanism of trying to get the money back to the consumers."

Regarding the new tariff Ruffman said, "It's not really about forced labor; it's about raising taxes."

Burlap and Barrel won its earlier case against the Trump administration's temporary tariffs in a narrow decision by a three-judge panel of the CIT in May. That decision has been appealed to the full CIT by the USTR.

In a July 24 press release issued by the Liberty Justice Center (LJC), Ethan Frisch, co-CEO of Burlap and Barrel, said, "These tariffs would punish a responsible American business, and the farmers we work with, without showing how taxes on our spices would address the policies of foreign governments that USTR says it is targeting."

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LJC represents Burlap and Barrel and Collective Horology in their lawsuit.

In its press release LJC states, "USTR failed to provide a reasoned, record-based explanation for imposing near-uniform tariffs across 60 economies and interpreted Section 301 as a sweeping global taxing power Congress did not grant."

LJC is a non-partisan public-interest litigation firm. It also represented Learning Resources in its case that ultimately succeeded at the Supreme Court.

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