

## Tariff Insights

# White House continues to push tariffs; outcomes remain uncertain

By Thomas Thompson

While tariff negotiations with various, perhaps numerous trading parties take place behind closed doors, the White House's own tariff policies make daily headlines.

With an obvious penchant for disruption, President Donald J. Trump continues to impose, modify and rescind country- and sector-specific tariffs across the global economy. Markets, tariff negotiators and national leaders have been subjected to changes in targets and levels of taxation just as the courts begin to weigh in.

In a case brought before the U.S. Court of International Trade, the court found on May 28 that the president does not have the authority to impose worldwide tariffs and that the president's use of the International Emergency Economic Powers Act (IEEPA) was improper.

In another decision handed down the next day regarding potential damage to two toy manufacturers, another federal court said that the IEEPA did not allow the administration to impose worldwide tariffs nor the country specific fentanyl crisis-related 25 percent emergency tariffs on Mexican, Canadian and Chinese imports set on February 1.

The Trump Justice Department immediately appealed both decisions and reversal of the tariffs was stayed pending further hearings at the appeals court level.

Global stock markets rose on the news of the plaintiffs' victories and receded moderately the next day when appellate review was granted.

**Congress watches from the sideline.** On June 4 the Congressional Budget Office [said](#) that the tariff revenues as set by the White House on May 13 will reduce the deficit by \$2.8 trillion over the next ten years, more than offsetting the currently projected \$2.4 trillion shortfall caused by tax cuts.

The CBO noted that it believes the tariffs would reduce the size of the economy and add modestly to price inflation. The office also cautioned that its projections rely on the tariffs being implemented as they were forecasted on May 13.

The projected deficit relief may cause Congress to embrace the tariffs warmly and scuttle any moves to assert their prerogatives over taxation. Shortly after Trump's April 2 "Liberation Day" tariff announcements, Senator Maria Cantwell (D-Wash) introduced the Trade Review Act of 2025 with bipartisan support.

The bill would strengthen Congress's tariff and trade oversight under the Trading Act of 1974. It would require the president to notify Congress of any new import levies and increases in tariffs, which in turn would automatically expire unless approved by both Houses of Congress within 60 days.

A similar bill was introduced in the House of Representatives. The bill has not progressed in either House. Politico reported that the White House threatened to veto it at any rate.

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Trump amplified his desire to keep Congress out of tariff negotiations as he responded to the U.S. Court of International Trade's decision, [saying](#) on Truth Social, "The horrific decision stated that I would have to get the approval of Congress for these Tariffs. In other words, hundreds of politicians would sit around D.C. for weeks, and even months, trying to come to a conclusion as to what to charge other Countries that are treating us unfairly. If allowed to stand, this would completely destroy Presidential Power — The Presidency would never be the same!"

**Steel and aluminum imports targeted.** At a May 30 rally in steel-producing Western Pennsylvania, Trump announced a doubling

of the 25 percent steel and aluminum tariff rate he imposed in March. The new tariff levels came into effect on June 4.

Constituting a quarter of the U.S. market, steel imports have bedeviled U.S. policy makers for years. Facing global overcapacity of steel production, Trump had imposed a 10 percent tariff on steel and aluminum imports and a 25 percent tariff on Chinese product. China now accounts for roughly 2 percent or less of imports currently.

China's subsidies for domestic production are widely credited with distorting world steel markets. To protect their own steel producers, other countries have increased domestic subsidies exacerbating the world-wide glut of cheap subsidized steel.

Canada, Mexico and Brazil currently are the main foreign suppliers of steel to the U.S. market. While Canada earlier implemented retaliatory measures in response to earlier tariffs, it is not likely to respond to the recent increase in steel and aluminum tariffs. According to The Guardian, the

prime minister's (Mark Carney) office has said, "Canada is engaged in intensive and live negotiations to have these and other tariffs removed."

As reported in The Guardian, Mexico's economy minister Marcelo Ebrard believes the steel tariffs are particularly unsustainable. "It makes no sense for the United States to levy a tariff on a product in which you have a surplus," he said, according to the report.

On May 23 Trump said he was imposing a 50 percent tariff on all goods from the E.U. effective June 1. He reversed course two days later, after speaking with European Commission President Ursula von der Leyen. Steel imports from the E.U., however, are subject to the new 50 percent levy.

The U.K.'s left-wing Labour government is the big, tariff winner so far. Wednesday's increase in tariff rates on steel and aluminum does not apply to the UK which had quickly struck a trade deal with Trump in May.

As a reward for U.K. Prime Minister Keir Starmer's earlier commitments to Trump,

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the UK's steel exports will continue to be taxed at the 25 percent rate while steel from competitor countries face a 50 percent levy. The U.K. supplies a relatively small percentage of U.S. steel consumption and the U.S. is not a major export target of U.K. steel.

The U.K. tariff deal has not been finalized.