Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

By: TA | AP Insight

Washington plans extra tariffs for most trading partners after forced labor probe

The Trump administration is proposing double-digit tariffs on products from dozens of major U.S. trading partners after an investigation into imports of goods allegedly made with forced labor.

Under the proposal released in Washington late Tuesday, 16 economies — including Canada, Mexico, the European Union, Taiwan and the United Kingdom — would face 10% levies for allegedly failing to enforce bans on forced labor.

Dozens of others — including China, Japan, India, South Korea and Switzerland — would be hit with 12.5% import taxes.

The tariffs are part of President Donald Trump's effort to replace revenue lost when the U.S. Supreme Court struck down sweeping global tariffs he'd imposed last year.

This latest barrage is likely to unsettle key trading partners that have been hit with waves of tariffs since Trump returned to the White House early last year.

“The failure of our most important trading partners to address the importation of goods made with forced labor is unacceptable," U.S. Trade Representative Jamieson Greer said in a statement. "This creates a dynamic where American workers are forced to compete globally on an unlevel playing field."

He added that "each of our trading partners must do more to ensure that trade does not perversely encourage and entrench forced labor globally.”

Greer's office said failure to prevent such imports is "unreasonable and burdens or restricts U.S. commerce."

Trump's tariffs are paid by U.S. importers who usually try to pass along those higher costs to customers.

The administration, mindful that Americans are growing increasingly unsettled by high prices with midterm elections just for months away, said that it would limit the impact by exempting from the latest proposed tariffs a long list of products, including aircraft parts, food products (from coffee to beef) and rare earth minerals crucial in the production of smartphones and cars.

Immediate pushback

The new tariffs would not take effect immediately. They are subject to public comment and review. Public hearings on the proposed duties are due to begin on July 7.

The plan drew immediate pushback. A Chinese government spokesperson denied the forced labor allegation and called for resolving economic issues through dialogue, saying a trade war doesn’t serve anyone’s interests.

“There is no such thing as forced labor in China, and we oppose using it as an excuse to engage in political manipulation,” Foreign Ministry spokesperson Mao Ning said in Beijing.

> The new maneuver shows how determined the Trump administration is about building a wall of tariffs around the American economy

The new maneuver shows how determined the Trump administration is about building a wall of tariffs around the American economy, the world’s largest, despite repeated setbacks in court.

In February, the Supreme Court ruled that Trump had overstepped his authority by invoking the 1977 International Emergency Economic Powers Act (IEEPA) to impose double-digit tariffs on almost every country on Earth last year.

The justices struck down the tariffs and set the stage for companies who paid them to seek refunds.

After the loss in court, Trump turned to

another law to impose temporary 10% tariffs globally.

But those stopgap levies expire July 24. And a specialized trade court ruled last month that they, too, were illegal – though the government can continue collecting them while that case works its way through the courts.

Trump's tariffs have provided tens of billions of dollars in revenue for a federal government that persistently spends more than it collects in taxes.

He had been counting on the IEEPA tariffs to make up for some of the revenue lost to his massive 2025 tax cuts.

Gap in tariff revenue

But tariff collections have begun to fall since the legal defeats. They peaked at more than $31 billion last October but were down to $22 billion in both March and April of this year, according to the Treasury Department.

Trump and Treasury Secretary Scott Bessent have vowed to replace the lost revenue.

And they've turned to a legal authority that has withstood legal challenges in the past: Section 301 of Trade Act of 1974, which authorizes tariffs and other sanctions against countries found to engage in "unjustifiable," "unreasonable" or "discriminatory" trade practices. Trump used Section 301 to impose big tariffs on China in his first term.

> Politically it's very hard to argue that you shouldn't go after forced labor - Ryan Majerus

"What's somewhat brilliant about this way of approaching 301 is that politically it's very hard to argue that you shouldn't go after forced labor and force countries to enforce forced labor laws on the books," said trade lawyer Ryan Majerus, a partner at King & Spalding and a former U.S. trade official.

And Majerus expects to the new tariffs to be ready by the time the temporary ones expire next month.

"The USTR is under enormous pressure to make sure there's no gap (in tariff revenue), probably from the White House," he said. "I'm confident, based on the schedule they're on now, that they will have these done and ready to implement." He noted that the investigation on forced labor is "working at about two times the normal speed" of typical 301 cases.

The administration is also pursuing a Section 301 case into whether 16 U.S. trading partners (accounting for 70% of U.S. imports) — including China, the EU and Japan — are overproducing goods, driving down prices and putting U.S. manufacturers at a disadvantage.

And on Monday the administration proposed 25% Section 301 tariffs on Brazil, charging that the world's 10th-biggest economy with "unreasonable" trade practices including lax anti-corruption enforcement and unfair tariffs of its own.

Forced labor

Tuesday's report defined forced labor as "work or service exacted from a person under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily."

It cited an estimate by the UN's International Labor Organization that as of 2021, 27.6 million people were engaged in forced labor.

Accusing EU of not doing enough against forced labour is absurd - Bernd Lange

Rice imported from Myanmar, tobacco from Malawi, beef from Brazil, and cotton and polysilicon from China were among the many products it said are prone to involving forced labor.

The U.S. has long said imports of goods that include material from China's far-western Xinjiang are at risk of using forced labor. Beijing denies allegations of forced labor in the Muslim majority region.

In its nearly 100-page report on forced labor, the USTR said that even if a country enforces a ban on forced labor domestically, importing goods made with forced labor violates the rules of fair trade.

But critics saw the proposed tariffs as a pretext to reinstate global tariffs that hadn't passed legal muster.

"Accusing EU of not doing enough against forced labour is absurd," Bernd Lange, chair of the European Parliament's trade committee, posted on social media. "The EU has adopted the world's most stringent rules against products made with forced labour. This looks very much like trying to make the facts fit a legal justification for tariffs that has already been decided."