

Trade Court Strikes Down Trump's Global Tariffs

Businesses and states had sued the government, saying the president didn't have the authority to impose the levies

By James Fanelli and Gavin Bade
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A federal trade court ruled President Trump didn't have the authority to impose sweeping tariffs on virtually every nation, voiding the levies that have sparked a global trade war and threatened to upend the world economy.

The decision on Wednesday from the [Court of International Trade](#) blocked one of the Trump administration's most audacious assertions of executive power, under the International Emergency Economic Powers Act of 1977. Shortly after the decision was handed down, lawyers for the Trump administration notified the court they will appeal.

"The court does not read IEEPA to confer such unbounded authority and sets aside the challenged tariffs imposed thereunder," a three-judge panel wrote.

Trump has used IEEPA to underpin most of his [second-term tariffs](#)—from duties on Canada, Mexico and China imposed over fentanyl smuggling to the far-reaching reciprocal tariffs levied in early April on virtually every U.S. trading partner. Trump later paused the reciprocal tariffs for 90 days to allow for negotiations.

U.S. stock-index futures [rose sharply](#) following the decision. Futures on the Dow Jones Industrial Average, S&P 500 and Nasdaq-100 all stood more than 1% higher in early trading Thursday. European and Asian stocks also rallied.

The order blows a hole in [global trade talks](#), already under way with more than a dozen nations, which began after the reciprocal tariffs were imposed. It also throws into question [recent agreements with the U.K.](#) and China.

Congress typically holds responsibility over tariffs but has delegated many powers to the president over decades. When he imposed the levies in April, Trump said the ongoing U.S. trade deficit had created a national emergency that has hobbled the economy and posed an unusual and extraordinary threat.

Wednesday's ruling said it would be unconstitutional for Congress to delegate "unbounded tariff power" to the president. "An unlimited delegation of tariff authority would constitute an improper abdication of legislative power to another branch of government," the court said. Congress placed limits in IEEPA, restricting when and how a president could place levies, the ruling said.

The panel also said the U.S. trade deficit didn't fit the law's definition of an unusual and extraordinary threat.

The Trump tariffs led to several challenges in the Court of International Trade and in federal courts around the country. The trade court, which has nationwide jurisdiction over tariffs and trade disputes, was the first to rule on requests for injunctions after holding hearings in two cases. Appeals from the court are heard by the U.S. Court of Appeals for the Federal Circuit and ultimately the Supreme Court.

White House spokesman Kush Desai said in response to the ruling that the trade deficit had weakened the country.

"It is not for unelected judges to decide how to properly address a national emergency," Desai said. "President Trump pledged to put America first, and the administration is committed to using every lever of executive power to address this crisis and restore American Greatness."

New York-based wine importer V.O.S. Selections and four other small businesses were the plaintiffs in one of the cases before the trade court. Another was filed by Oregon, New York and 10 other states, which additionally challenged tariffs that Trump said he imposed on Canada and Mexico to stop illicit drugs and illegal immigrants from coming into the U.S.

The plaintiffs in both cases said no other president had ever invoked IEEPA to impose tariffs, because nothing in the law authorizes such power. There is also no emergency, they said, noting that the U.S. trade deficit has existed for decades without creating an economic crisis.

"This is a major victory for working families, businesses, and the rule of law," New York Attorney General Letitia James said in a statement about the ruling. "The president cannot ignore the Constitution and impose massive tax hikes on the American people."

If upheld, the ruling means the Trump administration must find another justification for its global tariffs. The administration has previously contemplated imposing duties under Section 301 of the Trade Act of 1974, which allows for tariffs that counter unfair foreign trade practices. That is the provision Trump used to underpin his first-term tariffs on China and is considered to be on firmer legal footing than IEEPA.

The "[Liberation Day](#)" tariffs placed 10% levies on every nation. Trump imposed even higher rates on many countries he deemed "bad actors," but later announced a 90-day pause on those duties. Trump ratcheted up tariffs on China to as high as 145% and [then lowered them again](#) to 30%.

Justice Department attorneys said that the tariffs were necessary to address a U.S. trade deficit that had increased by 40% in the last five years. The deficit, they said, has had a cumulative effect on the country's economy, threatening its supply chain, manufacturing and military preparedness.

During hearings on the cases, the three-judge panel parsed the language of IEEPA while grilling the government and the plaintiffs over the court's role in the dispute and pressing them on a way to determine whether a national emergency truly existed.

Brian Marshall, a lawyer for the Oregon attorney general's office, said at a hearing for the states' case that Trump's tariffs were unprecedented and untenable.

"The government argues that so long as the president says he's confronting an unusual and extraordinary threat that he can set tariffs of any amount from any country for any length of time, and no court may review it," Marshall said during the hearing. "That's a position that no court has ever embraced and, until this year, power no president has ever asserted."

Justice Department attorney Brett Shumate conceded at one of the hearings that the court has the power to decide whether the language in IEEPA grants the president the authority to impose tariffs. However, that's where the judiciary's role ends, he said.

"It is not for the role of the court to decide whether the president has appropriately used that authority," Shumate said. Whether a true emergency existed is a political question for the executive and legislative branches to decide. IEEPA includes checks that allow Congress—not a judge—to review the president's conclusions and actions, he said.

The judges were skeptical of Trump's unilateral actions. During one hearing, Judge Janet Restani posed a question of whether that meant the president could declare an emergency over a national shortage of peanut butter, an inconvenience to some but not necessarily a crisis.

"Peanut butter becomes a political question," she said.

Jeffrey Schwab, a lawyer for the plaintiffs in the V.O.S. case, said the court has the power to review the legitimacy of Trump's tariffs. He acknowledged a court at times might have difficulty determining what is and isn't a national emergency, but not in this matter. "This case is so far outside of what an emergency is and what is unusual and extraordinary," he said.

National security tariffs imposed on products like steel and aluminum, as well as similar duties planned on sectors like lumber and semiconductors, are justified under a different law and wouldn't be affected by the ruling.