



ADVISORS

U.S. COURT NIXES TRUMP-ERA TARIFFS : EXECUTIVE POWER CURBED, TRADE POLICY AT A CROSSROADS

In a pivotal decision on May 28, 2025, the U.S. Court of International Trade struck down President Trump's "Liberation Day" tariffs, ruling they exceeded presidential authority under the International Emergency Economic Powers Act (IEEPA). The Court emphasised Congress alone controls commerce—and sweeping tariffs need its clear approval. A federal judge in D.C. followed with a similar order the next day.

Key Legal Grounds

Nondelegation Doctrine: Congress can't hand off trade powers without clear rules.

Major Questions Doctrine: Major economic decisions—like blanket tariffs—need explicit legislative sign-off.

The ruling halts enforcement of the tariffs and bars U.S. Customs from collecting duties under them. An appeal is underway, and the Supreme Court may ultimately weigh in.

Business & Political Fallout

Trade groups welcomed the ruling as a blow against policy-by-fiat—but wariness remains. The decision doesn't cover all Trump-era tariffs, notably those on steel and autos, which still stand. On Capitol Hill, bipartisan lawmakers are moving to rein in the White House. The proposed *Trade Review Act* would force any president to notify Congress of new tariffs and get approval to extend them beyond 60 days—shifting control of trade policy back to the legislature.

What This Means for Business

For U.S. Companies:

- Relief from sudden, unpredictable tariffs—but continued legal limbo.
- More Congressional scrutiny could slow down future tariff shocks, but also politicize trade decisions.

For European & UK Firms:

- Potential rollback of tariffs could ease access to U.S. markets—but uncertainty remains until appeals play out.
- May trigger calls in Brussels and London for firmer limits on executive-driven trade moves.

Bottom Line

This ruling could help reset the balance of power in U.S. trade policy. If upheld, it clips the wings of unilateral executive action and signals a return to more predictable, legislatively grounded trade rules—with ripple effects felt across global supply chains.

Whilst the Supreme Court has still to rule on this issue, the Trump administration has already indicated that it will continue to fight the cases and use available tools to maintain or impose tariffs. Trump is not a man to be written off and we can be sure he will not stand by and allow his plan simply to be outlawed by the courts. The best advice for business at the moment is to sit tight with appropriate contingency planning, including for supply chain and procurement functions, for alternative outcomes as the situation develops.