Trump tariffs

Donald Trump's tariffs ruled illegal by US appeals court but stay in place

Judges uphold ruling that the president exceeded his authority

Donald Trump wrote on social media following the ruling that 'we should all remember that TARIFFS are the best tool to help our Workers, and support Companies that produce great MADE IN AMERICA products' © AP

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A US appeals court has found most of the Trump administration's sweeping tariffs to be unlawful, but agreed to leave them in place while the White House pursued a further appeal to the Supreme Court.

In a 7-4 ruling handed down on Friday, the court upheld a decision that found many of the tariffs imposed exceeded Trump's presidential authority. However, the panel agreed not to put the ruling into effect until October 14 to give the administration time to appeal to the high court.

The US Court of International Trade ruled in May, in a case originally brought by American businesses hurt by the tariffs, that Trump did not have the authority to use emergency economic powers legislation to impose worldwide levies without the explicit consent of Congress.

A majority on the US Court of Appeals for the Federal Circuit agreed, writing on Friday that they could "discern no clear congressional authorisation" for the Trump administration to use justifications such as the importation of fentanyl across US borders to impose broad tariffs on countries including Canada and China via a series of executive orders.

The decision strikes at the heart of one of the Trump White House's core policies, and if upheld by the Supreme Court, could complicate several of the trade deals negotiated by the US with countries looking to reduce their exposure to broad tariffs.

"This court ruling throws a giant wrench in the works of Trump's extensive rollout of tariffs and will add yet another enormous dose of uncertainty to the global trade landscape," said Eswar Prasad, an economics professor at Cornell University.

If the tariffs set by Trump based on emergency powers are definitively struck down, it would also stop the US from bringing in hundreds of billions of dollars in revenue it has been counting on to limit the budgetary hit from its sweeping tax cuts.

The case does not deal with sectoral tariffs imposed on products such as steel and cars, which were based on different trade laws.

In a social media post soon after the order was handed down, Trump emphasised that the tariffs remained in effect, and claimed the appeals court was "highly partisan".

"If allowed to stand, this Decision would literally destroy the United States of America. At the start of this Labor Day weekend, we should all remember that TARIFFS are the best tool to help our Workers, and support Companies that produce great MADE IN AMERICA products."

Trump also confirmed that the administration would appeal against the decision to the Supreme Court, urging the justices to "help" keep the tariffs in place.

"President Trump lawfully exercised the tariff powers granted to him by Congress to defend our national and economic security from foreign threats," said White House spokesperson Kush Desai.

"The president's tariffs remain in effect, and we look forward to ultimate victory on this matter."

In a supplementary filing to the court just hours before the decision was handed down, the Trump administration claimed that ruling the tariffs unlawful would harm US foreign policy and national security.

"Such a ruling would threaten broader US strategic interests at home and abroad, likely lead to retaliation and the unwinding of agreed-upon deals by foreign-trading partners, and derail critical ongoing negotiations with foreign-trading partners," commerce secretary Howard Lutnick wrote.

The initial case was brought by a group of US businesses, led by wine importer VOS Selections, which argued that the levies had harmed them. They were joined by 12 US states led by Oregon, which said tariffs would raise the cost to publicly funded organisations of buying essential equipment and supplies.

In a statement, Neal Katyal, the appellate lawyer who argued for the plaintiffs in the case, said his team was "gratified to see the Court of Appeals resoundingly reject President Trump's claim that he can impose these massive tariffs on much of the globe with the stroke of his pen".

Democrats were also quick to praise the decision.

"Federal courts have repeatedly done what Republican senators won't do — say in black-and-white that Donald Trump's tariff spree is illegal and cannot continue," said Ron Wyden, a Democratic senator from Oregon.

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