Will Trump Tariffs Be Removed? Federal Appeals Court Confirms President's Sweeping Tariff Policies are Illegal

The ruling against Trump tariffs will take effect on 14 October 2025.

By Giuliano de Leon, IBTimes, Published 08/30/25

The US Court of Appeals for the Federal Circuit in Washington, DC, ruled 7-4 on Friday that most of Donald Trump's sweeping global tariffs were illegal. The court said that the Trump tariffs exceeded presidential powers granted under the International Emergency Economic Powers Act (IEEPA). Judges explained that while presidents have broad powers during national emergencies, imposing tariffs is a power Congress holds alone. Despite declaring the tariffs unlawful, the court allowed them to remain until 14 October 2025, giving the Trump administration time to appeal to the Supreme Court.

Trump Tariffs are Illegal

According to The Guardian, the federal appeals court found Trump's tariffs to be 'unbounded in scope, amount and duration,' stating they go beyond legal limits. The judges pointed out that IEEPA does not mention tariffs or authorise presidents to impose taxes or import duties. They said 'it seems unlikely' Congress meant to grant such sweeping tariff powers through this law. Four judges dissented, arguing that IEEPA sufficiently authorised the tariffs, pointing to past cases that upheld presidential foreign affairs powers. The White House responded that Trump lawfully defended national and economic security with these tariff powers. The tariffs remain in effect while legal battles continue.

The appeals court did not order the immediate removal of the tariffs. Instead, it gave the Trump administration until 14 October 2025 to seek review by the Supreme Court. Trump vowed to fight the ruling, posting on his social media platform Truth Social that 'ALL TARIFFS ARE STILL IN EFFECT!' The Trump administration is preparing alternative legal approaches in case the IEEPA route fails, looking at other laws that grant tariff authority. Until the Supreme Court action, the tariffs will continue.

Does the Ruling Affect All Trump Tariffs?

The ruling targets tariffs imposed under IEEPA, such as Trump's 'reciprocal' tariffs announced in April 2025, which ranged from 10% up to 50% on countries including China, India, and Brazil. It also affects 25% tariffs tied to fentanyl concerns on goods from Canada, China, and Mexico. However, other tariffs, like the 50% steel and aluminium levies under the Trade Act of 1974 and Trade Expansion Act of 1962, remain unaffected. The court highlighted that Congress explicitly delegates tariff powers in those statutes, unlike IEEPA, according to NBC News.

Americans kept spending last month despite elevated inflation

Alicia Wallace, CNNMoney, Aug. 29, 2025

US consumers kept spending in July, even as inflation remained elevated that month, new data showed Friday.Consumer spending rose 0.5% from June, according to Commerce Department data released Friday. That's slightly below expectations for a 0.6% bump but represented a slight pickup from the 0.4% increase notched in June, according to FactSet consensus estimates.July is typically a month filled with summer sales events, notably Amazon's Prime Day, as well as a key month for back-to-school spending. However, spending on cars and financial services (bolstered by the strong stock market performance) drove the lion's share of last month's spending gains, Friday's report showed. When factoring in inflation, spending rose 0.3% last month, an acceleration from a tepid 0.1% gain in June.

"Consumer spending is solid, and goods inflation remains moderate for now as the tariff war has yet to slow the economy appreciably or lead to a worrisome outbreak of inflation that could worry markets," Chris Rupkey, FwdBonds chief economist, wrote Friday in a note to investors. The Personal Consumption Expenditures price index — the inflation gauge the Federal Reserve uses for its 2% target rate — rose 0.2% on a monthly basis, which kept the annual rate at 2.6%. The core PCE price index, which excludes the volatile food and energy categories and is considered a better indicator of underlying inflation trends, rose 0.3% from June (matching the pace seen the prior month) and saw its annual rate accelerate to 2.9% from 2.8%.Stocks were lower Friday morning but pared some losses after the data release. Dow futures were down 100 points, or 0.21%. S&P 500 futures fell 0.23% and Nasdaq 100 futures slid 0.44%.The July inflation data was right in line with what economists had expected.

Wage gains helped keep Americans spending

Solid income growth helped to provide fuel for resilient US consumers, whose spending powers more than two-thirds of America's economic activity. Personal income rose by 0.4% last month (marking an acceleration from 0.3% in June), a reflection of higher wage gains, the report showed. The savings rate held steady at 4.4% last month. While both spending and income rebounded last month, July also marked the first month since March when monthly spending exceeded income, noted Heather

Long, chief economist at Navy Federal Credit Union."This is an encouraging sign that American consumers are still willing to open their wallets when they see deals," she wrote.And, in July, the appetite for spending was largely directed in the area of durable goods — products like appliances, cars and the like are that are meant to last for several years. Auto-related purchases played a key role in the durable goods rebound; however, real (inflation-adjusted) spending also picked up modestly in categories such as furnishings and other home equipment as well as recreational goods and vehicles. July marked the biggest monthly increase in durable goods since Americans' pre-tariff spending spree in March, noted Wells Fargo economists Tim Quinlan and Shannon Grein on Friday.

"Spending on these big-ticket items was flattish in April before posting back-to-back declines in May and June, raising concerns about the tariff impact on durable goods spending," they wrote in a note posted Friday. "Those worries may fade a bit after today's report showed durable goods spending rebounded in July rising 1.9% in the month."However, they also noted that Friday's report included a continuation of another trend showing how tariffs are starting to weigh on consumers: They're pulling back on discretionary spending. Recreational services spending posted the smallest monthly gain of any services category, and spending at hotels and restaurants fell last month, they noted.

Entering a 'stagflation-lite' period

The inflation trajectory outlined in Friday's Personal Income and Outlays report mirrors that of what was seen in the closely watched Consumer Price Index as well as the Producer Price Index. Prices are rising more than they typically should (and more than desired by the Fed), and businesses are slowly starting to pass along higher tariff costs to the end consumer. "The real hit (from tariffs) is in the next six months," Navy Federal Credit Union economist Long told CNN in an interview Friday. "The reason it's been so slow is the middle class doesn't have extra room in their budgets to absorb higher costs." This is a different environment than 2022, when households were quite a bit more flush from the extra savings they built up during the pandemic and the stimulus payments received during that time, she said. "A lot of brands and retailers and restaurants were shocked that they could keep raising prices, and people were not pushing back," Long said. "Now, consumers are pushing back, and that's a big part of the story of why, even at this point as the inventories run down, we're seeing a more muted pass-through of the tariffs."

The tariff-driven price increases were expected to be a slow boil: US businesses loaded up their warehouses prior to the tariffs going into effect; many of the announced tariffs were delayed, reduced or contained many product exemptions; companies along the supply chain are letting their profit margins eat some of the costs; and other tariffs are still going into effect. Tariffs weren't expected to drastically reaccelerate overall inflation — but the pace of price hikes remaining elevated for the coming year could present some challenges of their own for the economy, Long said. "The United States is entering a stagflation-lite period," she said, noting an economic environment with high inflation, stagnant economic growth and rising unemployment. The concern moving forward, Long said, is that the higher costs will lead to cost-cutting efforts by businesses. "I do agree that the Federal Reserve needs to cut in September and needs to cut again in December, because while there's not an inflation crisis brewing, there is a lot of potential for a layoff crisis to start," she said.

Global Growth Slows In 2025 As Inflation And Policy Uncertainty Weigh

By Olivia Harper, IBTimes, Published 08/25/25

The global economic outlook for 2025 presents a complex and cautious picture, with growth projections being revised downward amid persistent uncertainties and policy shifts. The International Monetary Fund forecasts global growth at 3.0% in 2025 and 3.1% in 2026, reflecting factors such as front-loading ahead of tariffs, lower effective tariff rates, improved financial conditions, and fiscal expansion in some major jurisdictions. Despite this modest upward revision, growth remains below the historical average of 3.7% recorded between 2000 and 2019. The Organization for Economic Co-operation and Development takes a slightly more cautious view, projecting global growth to slow from 3.3% in 2024 to 2.9% in both 2025 and 2026, with the most pronounced slowdown expected in the United States, Canada, Mexico and China.

Inflationary pressures remain a key concern. The IMF projects global headline inflation to decline to 4.2% in 2025 and to 3.5% in 2026, with advanced economies expected to return to target levels earlier than emerging market and developing economies. The OECD, however, forecasts slightly higher inflation, projecting it at 4.2% in 2025 and 3.2% in 2026, influenced by elevated energy prices and ongoing supply chain disruptions. Both institutions warn that heightened policy uncertainty, particularly around trade, poses a significant risk to the global economic outlook. The IMF notes that policy-generated disruptions could interrupt the ongoing disinflation process, potentially affecting fiscal sustainability and financial stability. The OECD emphasizes that policy uncertainty has become a major obstacle to investment, with firms increasingly delaying or scaling back capital expenditures when future conditions remain unclear. While the modest growth revisions offer some optimism, the overall outlook remains fragile. Policymakers are being urged to prioritize restoring confidence, predictability, and sustainability to strengthen economic resilience in an environment still marked by inflationary pressures and geopolitical uncertainty.