

Section 232 Tariffs: A Capital Accumulation Tool in the Name of National Security

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How to cite this paper: Luo, R. (2025). Section 232 Tariffs: A Capital Accumulation Tool in the Name of National Security. *Beijing Law Review*, 16, 1779-1796.
<https://doi.org/10.4236/blr.2025.163089>

Received: June 23, 2025

Accepted: September 2, 2025

Published: September 5, 2025

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Abstract

The manuscript argues that U.S. Section 232 tariffs function less as bona-fide security measures than as instruments for monopoly capital to reshape global value chains. Drawing on historical legal analysis and a Marxist framework, the author links the 1962 Trade Expansion Act to contemporary tariff practice, detailing how ambiguous “national security” language, WTO loopholes and presidential discretion facilitate capital accumulation. The paper concludes that Section 232 exemplifies a broader struggle over rule-making power in the world economy.

Keywords

Section 232 Investigation, National Security, Capital Accumulation, Trade Protection, Industrial Chain, Supply Chain, Global Value Chain, Order Reconstruction, Chain Power

1. Introduction

Since his first term, Trump has reopened the 56-year-old Section 232 national security investigation; the trend has continued in his second term, with 7 Section 232 investigations initiated so far in 2025, while also postponing or increasing the levies that were not completed in the Section 232 investigations during his first term. The legal basis for the Section 232 tariffs is Section 232 of the Trade Expansion Act of 1962, which packages traditional trade protectionism as a national security issue and forms a strategy of “securitization of economic issues”. In essence, it is to remove international competition barriers for monopoly capital through legislative means in the name of national security. This trend is more prominent under Trump’s “America First” policy, and has been fully upgraded in his second term. For example, the tariffs imposed on key industries such as steel, aluminum, and automobiles are precisely to protect technological monopolies and the excess

profits they bring. From a Marxist perspective, this article penetrates the so-called “fair trade” of Western countries such as the United States and points directly to the essence of the 232 tariffs. It also uses historical legal analysis and a Marxist framework to link the Trade Expansion Act of 1962 with contemporary tariff practices, pointing out that the 232 tariffs reflect a broader dispute over rule-making power in the world economy.

2. Legal and Institutional Basis of Section 232 Tariffs

2.1. Legal Basis and Historical Origins of Section 232 Tariffs

The direct legal basis for Section 232 tariffs is Section 232 of the Trade Expansion Act of 1962, which authorizes the Department of Commerce to investigate the impact of imported products on national security. The President may adjust imports (including raising tariffs, setting quotas, or taking other non-trade measures, such as R&D subsidies) on the grounds that certain imported products may damage domestic industries that are critical to national defense and infrastructure. Among them, tariffs have always played a key role in U.S. trade policy.

From the original intention of legislation and historical origin, in the 1950s and 1960s, the United States faced export shocks from Europe and a group of emerging industrialized countries represented by Japan, which made it impossible for the United States to restrict their imports with traditional trade remedy measures. It could only impose restrictive measures on them on the grounds of “national security interests”, on the one hand to promote the free trade order led by the United States and open up the European market, and on the other hand to protect its domestic industries. The Act originated after the Cold War. The then U.S. President Kennedy hoped to use the Act to establish an Atlantic community, hoping to form a force in Europe and Asia to counter the then Soviet Union by supporting the economic strength of Western Europe and Japan. Based on this idea, the United States participated in the sixth round of negotiations of the General Agreement on Tariffs and Trade (the Kennedy Round) at that time, and promoted the most extensive and largest tariff reduction in the first six rounds of negotiations, but its underlying logic was to ensure that there was a sufficient international market for American goods, to ensure the smooth promotion of its so-called free trade in the Western world, and to maintain the United States’ economic hegemony.

In 1982, the Reagan administration abused Section 232 for the first time by imposing tariffs on Japanese motorcycles to protect Harley-Davidson. The tough protectionist actions taken at the time included a “Five-Year Tariff Plan”; in addition to the phased taxation of heavy motorcycles imported from Japan, it also set up obvious “discriminatory” measures, namely, giving tariff preferences to West German, British, and Italian motorcycles at the same time; and a “Voluntary Export Restraint (VER) Agreement” that took effect in May 1981. Combined with the historical context at the time, the Reagan administration’s abuse of Section 232 tariffs was apparently a major protectionist measure for domestic enterprises, but in essence it was a capital exploitation of legal loopholes, because according to

Section 232(c) of the Act, the domestic production required for the defense needs taken into consideration only accounted for 1% of its sales, and did not constitute a national security issue under the section.

2.2. The Institutional Basis and Operational Characteristics of Section 232 Tariffs

The institutional basis for the United States to implement Section 232 investigations mainly involves the domestic legal authorization framework, loopholes in WTO rules, and the expansion of administrative power and the coordination of domestic supporting systems.

1) The domestic legal authorization framework includes Section 232 of the Trade Expansion Act of 1962 mentioned above, as well as presidential executive orders. Section 232 authorizes the Department of Commerce to investigate whether imported products threaten national security and submit an investigation report to the President within 270 days. The President has 90 days to decide whether to take measures such as tariffs and quotas; however, the concept of “national security” is not clear. At present, the Trump administration has included economic issues (including industrial hollowing out and supply chain risks) in the scope of national security. For example, Section 232 investigation on semiconductors and manufacturing equipment in April 2025 regards “technology supply chain disruption risks” as national security risks. The President can directly announce the proposed tariff actions by signing an executive order without the approval of Congress.

2) Loopholes in WTO rules. First, it involves the security exception clause of Article 21 of GATT 1994. The clause allows WTO members to exempt trade obligations on the grounds of “essential security interests”, but does not limit specific circumstances. Based on this provision, the United States equates “economic security” with “national security” to evade WTO violations. Second, the WTO’s ruling cycle is as long as 2 - 3 years, while Section 232 investigation and the decision on tariff actions only take one year, forming a time difference advantage of “imposing tariffs first and then wrangling”. In addition, the United States also uses the suspension of the Appellate Body to delay the implementation of the ruling. For example, in the case of China’s 2018 lawsuit against the United States on steel and aluminum tariffs (DS544)¹, the panel report released in December 2022 found that the tariff measures taken by the United States based on the security exception clause of Article 21 of GATT 1994 were unreasonable. In response, the United States filed an appeal on January 26, 2023, but due to the suspension of the Appellate Body, there has been no new progress in the case so far.

3) Expansion of administrative power and coordination of domestic supporting systems. From the perspective of the expansion of administrative power, since Trump’s second term, the scope of national security has been further expanded, more products have been included in national security investigations, and the

¹WTO DS544 Panel report (United States—Certain Measures on Steel and Aluminum Products, Request for Consultations by China), https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds544_e.htm.

scope of taxable products of the Section 232 investigations that were completed during his first term has been expanded. For example, the Department of Commerce announced in the Federal Register on June 16 that additional tariffs would be imposed on refrigerator-freezers, small and large dryers, washing machines, dishwashers, chest and upright freezers, cooking stoves, ranges and ovens, food waste disposals, and welded wire rack in the taxable scope of steel and aluminum derivatives, but did not explain why BIS was adding those items to the list. Administrative intervention continues to intensify. From the perspective of coordination with the supporting domestic systems in the United States, it mainly involves coordination with other institutional tools, including coordination with 301 tariffs, export controls, etc. to combat technological competition, such as the simultaneous advancement of Section 232 investigation of semiconductors and manufacturing equipment and the 301 tariffs on traditional semiconductor chips and regulatory measures on advanced semiconductor products and technologies, to achieve full-industry chain, import and export two-way restrictions from cutting-edge technology fields to mature process chips; collaborate with the tariff quota mechanism to put pressure on trading partners or aim to gain greater bargaining chips, such as the United States setting an annual import quota of 1.25 million tons for 54 types of steel products from Japan in 2022; cooperate with the International Emergency Economic Powers Act (IEEPA) to expand the scope of sanctions (such as supply chain disruptions), and invoke the powers granted to the president by the Act to take any additional measures, as appropriate, to mitigate U.S. national security risks ([Executive Office of the President, 2025](#)).

The characteristics of the operation of the Section 232 in the United States can be summarized as follows: setting domestic legal basis; vague authorization of key definitions; the president making quick decisions based on the results of the investigation; taking measures such as tariffs/quotas; coordinating with other institutional tools including Section 301 and export controls; using WTO security exceptions at the international rule level; delaying dispute settlement; and substantially maintaining trade barriers. The essence of this system is a three-dimensional design of “legal ambiguity + expanding administrative power + loopholes in international rules”: granting operating space through flexible wording in domestic law (such as “national security”); the president’s discretion bypasses legislative constraints to achieve rapid policy effects; and using the inefficiency of international justice to solidify the results of protectionism. In addition, during Trump’s second term, the newly added Section 232 investigations involved products such as copper and timber, indicating that such investigations are still deepening their penetration into the field of basic resources.

3. Capital Accumulation Mechanisms Driving Section 232 Investigations

Based on the analysis of the legal and institutional basis of Section 232 investigation, it can be seen that its essence is a national intervention tool that serves capital

accumulation. Section 232 investigation is in the name of “national security”, but in essence it restricts imports through barriers such as tariffs to maintain the market share and excess profits of domestic monopoly enterprises in the United States. This is in line with the logic of capital seeking external protection to maintain profit margins. In the case of relative disadvantages in competition and bottlenecks in capital accumulation, capital will use state power to reconstruct the global value chain distribution pattern in order to break the deadlock. Its basic logic is to use trade protection policies to solve the structural contradictions caused by excessive capital accumulation. This can be achieved through the following mechanisms:

3.1. Alleviating the Decline in Profit Margins and Transferring the Pressure of Excess Capital

The essence of transferring excess capital pressure through Section 232 tariffs is to use trade barriers to reconstruct the industrial chain, which mainly involves the demand for industrial capital to return, the spillover of production capacity to exempted countries (economies), and the activation of local alternative investment.

A) Demand for industrial capital repatriation

According to the U.S. Bureau of Economic Analysis (BEA), the hollowing out of the real economy has hindered the accumulation of industrial capital, and the proportion of manufacturing value added in GDP in the United States has dropped from 21% - 25% in the 1950s to about 10% in 2024². This decline is more serious than the average level of developed countries in the first world, resulting in an unbalanced economy with excessive dominance by services and imports. In contrast, the proportion of manufacturing in GDP in other developed countries such as Germany, Japan and South Korea has remained at 19% - 25%; and even other high-cost countries such as Switzerland, Finland and Austria have successfully maintained the proportion of manufacturing in GDP at around 15% or higher. This shows that in order to pursue the maximum profit of capital, the United States has transferred production to countries with lower costs, and at the same time lacks policy support to maintain and develop domestic manufacturing, resulting in the hollowing out of domestic manufacturing. The hollowing out of the manufacturing industry will inevitably increase dependence on imports. A study by the Federal Reserve (Morales, 2025) shows that during the COVID-19 pandemic, the shift in demand to durable goods and the heavy reliance on foreign suppliers to produce these goods caused a mismatch between supply and demand, leading to higher prices; a study by the National Institutes of Health (NIH) (Committee on Security of America’s Medical Product Supply Chain, Board on Health Sciences Policy, Health and Medicine Division, 2022) shows that during the COVID-19 pandemic, the United States was overly dependent on foreign manufacturers, its industrial base was insufficient to meet demand during the crisis, and

²<https://prosperousamerica.org/u-s-manufacturings-shrinking-share-of-gdp-and-how-to-catch-up/>

domestic manufacturing capacity was clearly insufficient to provide necessary supplies. To address these issues, the United States needs to formulate a strong industrial policy while expanding domestic manufacturing. The Trump administration's two terms and the Biden administration both introduced corresponding policies, which were highlighted by the former's use of tariff tools and the latter's use of policy tools such as the Chips and Science Act and the Inflation Reduction Act (IRA). The basic logic behind these policy tools is to provide a substantial boost to domestic producers by imposing large-scale tariffs on key industrial sectors and to encourage companies and investors to build a strong domestic supply chain. It can be seen that the two key elements that must be possessed by such a strong industrial policy are targeted tariffs and strategic investment.

To this end, the Trump administration took the opportunity to promote Section 232 by imposing high tariffs on the grounds of national security. For example, on June 4, Section 232 tariff on steel and aluminum products was raised to 50%, and subsequent Section 232 tariffs may be imposed on semiconductors and manufacturing equipment, etc., artificially raising import costs, forcing foreign-funded enterprises to move their production lines back to the United States, and at the same time promoting the return of foreign capital to the United States in order to create new investment space in the United States. For example, after the steel and aluminum tariffs in 2018, Japanese automakers accelerated the construction of factories in the United States. According to data from the Japan Automobile Manufacturers Association (Prusa, 2023), by the end of 2022, more than 2.29 million jobs in the United States will be related to Japanese brand automakers. Taking the semiconductor industry as an example, under the tariff pressure of Trump's second term, TSMC, Samsung and other companies were required to invest and build factories in the United States, but the transfer of technology-intensive industries requires a cycle of 5 - 10 years, and it is difficult to achieve the transfer of industrial chain supply chain in the short term.

B) Capacity spillover to exempted countries (economies)

Tariff policies often come with country exemptions. Section 232 tariffs, by forcibly restructuring the global industrial chain, create a new accumulation path for US capital in the restructuring of the global production network, drive the transfer of production capacity to tariff-exempt countries (economies), and form a new accumulation model of "avoidant capital appreciation". Its core mechanism is to use policy arbitrage space to achieve a triple capital appreciation cycle, including: a) using policy depressions to stimulate capital migration. For example, after the United States imposed a 50% tariff on steel and aluminum products, companies shifted their production capacity to exempt countries (regions) to avoid costs. The transfer process will stimulate investment in infrastructure including industrial parks and logistics hubs, driving local fixed asset investment; at the same time, using the rules of origin of exempt countries (such as the tariff exemption treatment enjoyed by Mexican auto parts under the US-Mexico-Canada Agreement), through the semi-finished product processing + exempt country (region) re-ex-

port model, products that were originally subject to taxation can be converted into duty-free goods, thereby obtaining a recovery in profit margins, and the saved tariff costs can be converted into capital reinvestment funds. b) Promoting the transition from regional capacity transfer to regional value chain control. The logic generally followed in this process is to move from primary capacity relocation to regional supply chain integration, and then further to the export of technical standards, thereby achieving a shift from regional capacity transfer to regional value chain governance. This process will involve capital control issues such as technical standard monopoly and key node pricing power. By retaining core technologies locally and superimposing external foundry, and then controlling the raw material procurement rights of factories in tariff-exempt countries (economies), the capital control power can be upgraded. The capital control power here is a concept linked to value chain governance, covering the control power from the logistics and information flow chain formed by the industrial chain and supply chain to the value-added content formed in the value chain. For example, Qualcomm only undertakes low-end processes in its chip packaging plant in Vietnam.

3.2. Activating Local Alternative Investment and Violently Cutting the Global Value Chain

A) Its essence is the financialization of the supply chain. a) Under the protection of tariffs, domestic US companies gain market share and pricing power, stimulating capital investment in alternative industries. For example, steel and aluminum tariffs push up domestic prices in the United States, attracting capital to expand steel mills in the United States. However, excessive financialization will also make the United States overly dependent on global profit repatriation. In 2024, the US service trade surplus will account for 1% of its GDP, and the merchandise trade deficit will account for 4.2% of its GDP. Therefore, further reliance on profit repatriation may further affect the internal allocation of merchandise trade and service trade. In addition, the Trump administration initiated a 232 investigation into advanced technology industries such as semiconductors and pharmaceuticals to protect the technological monopoly of US companies and ensure the excess returns of financial capital at the top of the industrial chain. b) The global value chain can be violently cut by reconstructing the accumulation space of funds. It is mainly manifested in: depriving competing countries of surplus value and compressing peripheral profits by imposing 232 tariffs; monopolizing the supply of key factors in the name of national security and controlling strategic resources; and differentiating trading partners through means such as tariff quotas and resetting the layout of the industrial chain and supply chain.

B) Its main manifestation is through trade tools driven by capital accumulation. As mentioned above, its links in the fields of industry and capital are mainly reflected in the following logical closed loop: the decline in the profit margin of the real industry triggers the pressure of financial capital appreciation, drives Section

232 investigation to raise import barriers, promotes the forced return of the industrial chain, realizes the further strengthening of technological monopoly, and accumulates new space for local capital, thereby further locking in the top of the global value chain. On the one hand, this approach is to cover up the contradiction of industrial hollowing out. The sharp decline in the proportion of added value of U.S. manufacturing in GDP has made Section 232 investigation an outlet for transferring contradictions. For example, Section 232 investigation of steel, aluminum, automobiles and auto parts is ostensibly aimed at imports from major US trading partners, but in fact it is to force companies to move their production lines to the United States. On the other hand, it is to promote the violent reconstruction of the accumulation order by the state machine. This violent reconstruction is mainly manifested in the use of policy means to forcibly pull the industrial chain back to the original place for political purposes, intervene in and attempt to reverse the direction of the industrial chain layout while ignoring the laws of nature. In 2025, the Trump administration will expand Section 232 investigation to resource fields such as copper and timber, reflecting the typical practice of capital using political power to break through the accumulation crisis. This “violent” approach extends from the advanced industry field to the resource field, and further realizes the reconstruction of capital’s layout in the industrial field from the perspective of the industrial chain and the technology ecological chain. In other words, the excessive financialization of the U.S. economy has led to the shrinkage of the real economy, and industrial capital is facing international competitive pressure. Section 232 investigation attempts to delay the decline of domestic industrial capital by restricting imports, buy time for the accumulation of financial capital, and alleviate the contradiction of industrial capital accumulation.

4. Section 232 Tariffs Highlight That the Essence of the Global Value Chain Is the Struggle for the Right to Reconstruct the Order

In fact, Section 232 tariffs, as a trade tool implemented in the name of national security, have profoundly exacerbated the structural contradictions of the global value chain (GVC). Its core lies in achieving capital redistribution through forced industrial chain restructuring, triggering the manifestation of multiple conflicts.

A) From an economic perspective, the contradiction between national security logic and economic efficiency is highlighted

1) The generalization of national security logic leads to misrecognition of security threats. The United States has repeatedly forcibly linked conventional industrial products (such as steel, aluminum, and automobiles) with national security, but the WTO expert group clearly pointed out in its ruling in 2022 that (Hu & Zeng, 2023) the United States’ steel and aluminum imports only account for 16% of its consumption and have no substantial connection with national security. Section 232 investigation of drugs has been criticized as a “politicized operation” that has exacerbated the chaos in the global medical supply chain. The core of Section

232 tariff is to tie trade issues to national security issues, but the issues involved include: first, the definition of national security is vague and extremely flexible, or discretionary; second, taking steel and aluminum as an example, the so-called national security threat level reflected in the data is only: the steel required by the US defense industry only accounts for 3% of the total domestic production, but the government still believes that the shrinking capacity of basic industries will indirectly threaten national security. Taking semiconductors as an example, in 2024, 32% of the US semiconductor imports came from Taiwan Region, China, 28% from South Korea, and 18% from Japan. Domestic production capacity accounts for 12% of the world's total. This situation, which is obviously the result of market division of labor, has been distorted into a national security threat. This excuse is out of touch with economic reality and forces companies to bear unnecessary costs of dismantling their supply chains in order to achieve the appearance of bringing manufacturing back to the United States. To this end, TSMC has invested more than \$12 billion in the construction of its factory in Arizona, and the total investment is expected to reach \$165 billion.

2) The cost of protection far exceeds the benefits, which will eventually lead to cost shifting. Section 232 tariffs have caused a surge in costs across the entire industry chain through multiple transmission mechanisms. Its cost structure shows a three-level amplification effect of corporate burden, industrial imbalance, and national backlash. 1) From the perspective of direct cost impact at the corporate level, on the one hand, there is the superposition of tariff costs, and on the other hand, there is a surge in the avoidance costs of supply chain transfer. 2) From the perspective of structural imbalance at the industrial level (Durante, 2024), for example, in the steel industry, it costs consumers about \$650,000 to keep one job. According to a study by the U.S. Chamber of Commerce, steel and aluminum tariffs will cause the domestic manufacturing industry to lose 35,000 jobs and increase costs of upstream and downstream industries by more than \$20 billion. In the automotive industry, due to a 10% increase in raw material costs, domestic automakers in the United States are forced to reduce production capacity, and sales in 2024 will drop by 8% year-on-year, and consumers' car purchase costs will increase by about 15%. In the semiconductor industry, the cost of downstream electronic products will soar, including an increase of 20% in the manufacturing cost of Apple mobile phones and a 23% increase in the cost of Tesla electric car chips. 3) From the perspective of systemic backlash at the national level, first, it will involve the loss of economic efficiency. For example, the steel and aluminum tariffs will cause the annual output value of the downstream industries in the United States to lose 3.4 billion US dollars from 2018 to 2021, and the global GDP may fall by 0.7% - 1% due to tariffs (Morgan, 2025). Second, it involves the cost of rule governance, including resorting to the WTO dispute settlement mechanism, and the review and negotiation of other multilateral and bilateral agreements (such as the US-Mexico-Canada Agreement). Third, it involves the transfer of social costs. For example, the US consumer price index rose by 0.1% in May,

and the annual inflation rate was 2.4% (CNBC, 2025).

B) From the perspective of application, the conflict between unilateral rules and the multilateral system is highlighted

1) The WTO rules system faces a crisis of substantial failure. The appointment of judges of the WTO Appellate Body has not been resolved since Trump's first term. Currently, the "Multi-Party Interim Appeal Arbitration Arrangement" (MPIA) is still relied on as the only appeal mechanism among participating members. After the WTO's ruling on Section 232 tariff dispute found that the United States abused the right of self-determination under the "national security exception" clause (such as China won panel' support for its claims in DS544), the United States refused to implement it, and the parties appealed. At present, these cases are in a stalemate or substantial stagnation, and the multilateral trade dispute settlement mechanism may face substantial paralysis. In 2025, China and Canada's complaints to the WTO regarding US tariffs are still in consultations. Recently, British and Canadian think tanks proposed to build a "Caucus" centered on the WTO to respond to US unilateralism (Pinchis-Paulsen & Ciuriak, 2025), advocating "collective action" through the formation of a collection of economies, and believed that the WTO can play a core role in dealing with the intensified tensions between the United States and its trading partners, and the economic uncertainty and insecurity caused by the tensions. The "Caucus" has three major mechanisms: Economics, which means that collective response is required to have a sufficiently strong negative impact on total U.S. exports; Concerted response, which means that sufficient impact must be achieved through collaboration; and Situation complaint, which means that once the "Caucus" is established, if the United States refuses to make an arrangement with the "Caucus", it can file a situation appeal, but this may be rarely used.

2) Fragmentation of rules and the superposition and nesting of tariffs. The current tariff measures of the Trump administration involve the superposition and nesting of multiple tariff actions, such as the superposition of reciprocal tariffs with 232 tariffs, 301 tariffs, etc.; when it comes to regional trade agreements (such as the US-Mexico-Canada Agreement, the tariff agreement signed with the United Kingdom, etc.), some products or some clauses involve nesting, such as steel and aluminum products, automobiles and auto parts products. If secondary tariffs and other issues are superimposed, the confirmation and calculation standards involved will be more complicated. For example, the United States requires Mexico and Vietnam to impose a 46% reciprocal tariff on Chinese re-exports to prevent Chinese goods from circumventing tariffs by "borrowing" Vietnam. At the same time, a series of pressure clauses on China-related issues are proposed in the negotiation list with Vietnam, thus forming a "tariff nesting". For another example, the United States first considers the compliance of goods imported from Canada and Mexico with the rules of origin of the US-Mexico-Canada Agreement, and imposes additional tariffs if they do not meet the rules, etc., forming a multi-level consideration of taxation rules. In addition, Trump also expressed the hope to

negotiate unified regional tariffs with Africa, Latin America and other countries. This has driven the US tariff rules towards fragmentation, and also involves the possible overlapping and nesting of tariffs, increasing the various related and derivative costs for companies.

C) From the perspective of industrial chain and supply chain layout, the deep-seated essential changes in the global value chain are highlighted

1) The trend of political cycle hijacking industrial cycle is obvious. In recent years, the U.S. government has highlighted the characteristics of its political cycle in the use of tariff tools. The Trump administration uses tariffs as one of the main tools of its “America First” trade policy, which was already evident in its first term, including re-activating Section 232 investigation that had been dormant for 17 years and imposing tariffs based on it, and imposing extensive tariffs on China based on the 301 investigation. In the second term, based on the first term, the concept of “reciprocal tariffs” was introduced, and it was superimposed and nested with various tariffs. The policy decisions on tariffs were repeated, resulting in the complexity and unpredictability of the tariff collection mechanism. This decision-making method based on negotiation and game-playing and “taking one step at a time” has brought huge uncertainty to the global economic and trade environment. In-depth study of its policy logic shows that, first, it hopes to influence the layout of the manufacturing industry chain and supply chain through tariffs, second, it hopes to influence the game trend in the high-tech field through tariffs, third, it hopes to influence the discourse power of future trade rules and industrial rules through tariffs, fourth, it hopes to influence the reconstruction of the global value chain through tariffs, and fifth, it hopes to influence the trend of global capital and financial order through tariffs. Trump hopes to influence the industrial cycle of the manufacturing industry through tariffs during his political cycle (including his term of office and the political influence he may have on the next administration), especially the entire development cycle of industries involving advanced technology fields including semiconductors.

2) The trend of promoting the reorganization of the capital power network through tariffs is obvious. The essence of the Trump administration’s tariff policy is to reconstruct the global capital power network through trade conflicts and achieve the strategic binding of political control and capital interests. First, through tariff pressure, create market panic and promote the reconstruction of the federal debt system; second, forcibly intervene in and reconstruct global capital flows. For example, in exchange for strategic investment in exchange for tariff exemptions, capital binding with allies is achieved, weakening the industrial autonomy of allies; using tariffs to pressure Vietnam and other countries to “de-Sinicize”, transfer the supply chain to the controllable area of the United States, achieve sovereign control of the industrial chain, and establish geo-economic vassal; using tariffs as an excuse to securitize the control of strategic resources such as Indonesian nickel mines (Nugraha et al., 2025), with a derivative scale of 170 billion US dollars, to achieve financial monopoly of resources, and ultimately control the pricing power

of physical resources by capital. Third, through the reorganization of capital power to political power, on the surface, trade protection is implemented through tariffs, but in reality, it is to cleanse traditional financial forces by creating global economic shocks and force allies to accept the division of labor in the industrial chain dominated by the United States; and transform populist sentiment into the legitimacy of personal dictatorship, and finally establish a new power network with the White House as the hub and transnational capital as the vein.

5. The Class Essence under the Shell of Legal Rights: The Alienation of the Security Exception Clause

According to Marxist legal theory, law, as the core element of the superstructure, is essentially the embodiment of the will of the ruling class that controls state power, and this will is rooted in specific material production relations and economic foundations. Section 232 tariff measures implemented by the United States, although covered with the legal cloak of “national security”, actually expose the nature of American capital power, which is specifically manifested in the following ways:

A) Legal tools serve the economic interests of the ruling group

1) Selective exemptions reflect capital preferences. Section 232 tariffs are nominally based on the national security clause of Section 232 of the Trade Expansion Act of 1962, but in practice there are significant targeted exemptions. For example, Canada, Mexico and other members of the US-Mexico-Canada Agreement were exempted in the early stage, and the exemption list was adjusted according to political needs in the later stage. In essence, tariffs were used as bargaining chips to achieve specific economic goals. This exemption practice is actually a manifestation of the policy leaning towards specific industries and specific capital groups, and it is used to achieve the transfer of benefits. Although in terms of steel and aluminum tariffs, the exemption application has been canceled after Trump’s adjustment, the Ministry of Commerce no longer accepts exemption applications for any products, and the implemented exemptions will be terminated after expiration or the exemption quantity quota is reached. However, judging from the previous exemptions, they mainly involve the interests of large enterprises or corporate groups. For example, Nucor, the largest steel manufacturer in the United States, complained in January that Trump granted too many tariff exemptions during his first term and called for an expansion of the tariff scope.

2) The actual beneficiaries of the tariff policy are highly concentrated in monopoly capital. Section 232 tariff policy is ostensibly in the name of “national security”, but in fact it highly serves the interests of monopoly capital, and its beneficiaries are highly concentrated in specific capital groups. For example, after the implementation of Section 232 tariff, Nucor Steel pushed up shipments and sales prices, and its profits reached a record high of about US\$2 billion in 2018 ([Packard & Alfredo, 2025](#)). Data shows that 45% of US income taxes are used to pay for current and past military-related expenses, most of which flow into the five major

military contractors (Tarleton, 2024; Savage, 2023). In addition, US Secretary of Defense Pete Hegseth suggested increasing the U.S. defense budget, which is also beneficial to the income of contractors; if Trump's review of military equipment export rules relaxes restrictions, it will also increase the income of US defense contractors. On the other hand, for small and medium-sized enterprises, the U.S.'s imposition of tariffs on imported goods has caused their procurement costs to rise sharply, but small and medium-sized enterprises have weak bargaining power and are unable to fully pass on the costs to consumers. In the field of financial capital, the supply chain reconstruction caused by tariffs forces companies to finance and expand production. For example, Goldman Sachs' bond underwriting business revenue increased by 8% to US\$752 million in the first quarter of 2025, mainly due to increased asset-backed securities and investment-grade bond activities.³ As for venture capital and private equity, tariff uncertainties need to be addressed through strategic reconstruction and active management. Strategic reconstruction mainly involves supply chain reconstruction, including through the layout of tariff-exempt areas and near-shore outsourcing; active management mainly involves optimizing the investment portfolio, including diversifying risks and capturing opportunities through asset class diversification and regional allocation diversification.

B) Under the guise of legal rights, the concepts of national security and economic security are replaced

The legal shell of Section 232 tariff is essentially a legal disguise for monopoly capital to package trade protectionism as a national security appeal with the help of the state machinery. Its operation is mainly reflected in the following aspects:

1) The ideological function of the term "national security". Take Section 232 tariffs on steel and aluminum as an example. In fact, the output of the U.S. steel industry is about 28 times that of steel used for defense, and the US imports only 16% of its steel consumption⁴. Therefore, the U.S. has expanded the definition by interpreting the steel and aluminum issue as a national security issue on the grounds that the domestic steel industry security is not sufficiently related to the steel used for defense industry. This terminology is essentially a disguise of the special interests of monopoly capital or multinational corporate groups as public interests or public consciousness through legal symbols. As Marx revealed about the nature of bourgeois law: "Law is nothing but the will of the ruling class enshrined in law."⁵

2) From the perspective of origin, Section 232 is a legacy of Cold War law. The Trade Expansion Act of 1962 was enacted during the Cold War policy détente period, when the United States' military spending remained high, other economic momentum had not yet formed, and it was also facing export shocks from Europe

³https://am.gs.com/cms-assets/gsam-app/documents/insights/en/2025/fixed-income-outlook_1q25.pdf

⁴China's representative to the World Trade Organization: US steel and aluminum tariffs have nothing to do with "national security". https://www.gov.cn/xinwen/2018-05/09/content_5289475.htm

⁵The Communist Manifesto, 1848.

and a group of newly industrialized countries represented by Japan (Hu, 2019). In this context, American policymakers introduced the concept of “the impact of foreign competition on the economic well-being of domestic industries”. By considering the close relationship between national economic well-being and national security, the impact of foreign competition on the economic well-being of individual domestic industries, and any substantial unemployment, reduction in government fiscal revenue, loss of skills or investment, or other serious consequences caused by excessive import substitution for domestic products, they determined whether such weakening of the domestic economy would harm national security. However, key concepts such as “the impact of foreign competition on the economic well-being of domestic industries” and “national security” were not clearly defined. In theory, almost all matters can be included in the assessment of the impact of foreign competition on domestic economic well-being, thereby generalizing the (so-called) national security threat. During Trump’s first term, he activated the use of this clause under the pretext of national security issues, blurring the boundaries with concepts such as “economic security”, generalizing the concept of “national security”, and increasing the overlapping application with other policy and legal tools, pushing up the effectiveness and intensity of the implementation of measures. The direct effect is to promote the global value chain from “efficiency first” to “security first”, but this generalization of security is actually a cover for the consolidation of technological hegemony and the struggle for rule-making power. When the cost of reconstruction exceeds the benefits of hegemony, such as in the first quarter of 2025, when tariff-driven imports affect GDP growth and cause the US GDP to shrink by 0.3%, the global production network will inevitably split into a confrontation between the “China-led Asia-Europe chain” and the “US-led America chain”, thus entering a new Cold War-style competition with chain power game as the core. The chain power game here originates from the dominant force in the supply chain and China’s conceptual setting of the “chain leader system”. It elevates the game of supply chain dominance at the enterprise and regional levels to the national level, affecting the mutual competition in the global supply chain layout. Its essence is still a part of the strategic game between China and the United States.

3) The game of double standards between unilateral rules and international rules. The United States has currently alienated Article 232 into a weapon of contemporary trade protection measures, and hedged against international rules by generalizing the national security exception of unilateral rules. Taking the reasoning and ruling of the expert group in the case of China vs. the United States on Section 232 tariff measures on steel and aluminum (DS544) as an example, in view of the security exception provisions of Article 21 of GATT 1994, the expert group believes that “emergency in international relations” refers to situations with a certain degree of severity or seriousness, as well as international tensions that are critical or serious in terms of their impact on international relations behavior. Based on this, the expert group does not believe that the measures in question

belong to the definition of “taken in war or other emergencies in international relations” in Article 21. Although the WTO panel found that Section 232 tariffs violated WTO rules, the United States still refused to withdraw them, highlighting its unilateral logic of “domestic law is superior to international law”. In addition, the fact that the Appellate Body was suspended due to obstruction by the United States essentially reflects that the legal system of China, the United States and the West in globalized production cannot reconcile the contradiction between itself and the “effective control” of emerging economies over international rules, such as China’s struggle for the right to interpret the rules through DS544. This is a utilitarian application of legal rules, and it also exposes the essence of American legal rights, that is, when the law conflicts with its interests, the mask of the spirit of contract is torn off. It can be seen that the essence of Section 232 tariffs is that the United States uses the state machinery to realize its redistribution of global surplus value in the form of law—on the surface, it is manifested as a neutral “national security exception clause”, but in practice it has become a fig leaf for international hegemony of unilateral sanctions and multilateral rule games, and a regulating valve for capital contradictions between upstream and downstream industries. This also verifies the theory of Marxist legal philosophy, that is, the core function of the capitalist legal system is to package special class interests in a universal form.

C) The transfer of financial capital appreciation crisis to legalization

Judging from Section 232 investigations currently initiated by the United States, in addition to advanced technology and resource products, it also involves the failure of domestic social governance in the United States reflected by drugs and drug ingredients (such as fentanyl). The United States has linked all these problems to the International Emergency Economic Powers Act (IEEPA) and transformed them into an excuse for tariffs. It has disguised the hollowing out of the manufacturing industry and debt monetization that have emerged in the process of financial capital seeking profits and value-added as legal actions, packaged market competition failures such as the bankruptcy of Bethlehem Steel due to steel tariffs as national security crises, and packaged the fact that pharmaceutical capital lobbying has led to opioid abuse as a national security threat to the United States caused by imported fentanyl. The overall idea is to break the security boundary under the guise of (so-called) American interests and American interests, stimulate a surge in venture capital in related industries in the field of investment and financing, and force the industrial chain to rely on American capital in the industrial field, thereby forming a closed loop of capital crisis transfer. This is in stark contrast to the data that the United States’ 2021 study (Pettis, 2021) found that tariffs caused the United States to lose 245,000 jobs.

Marx’s Capital reveals that law is the translation of economic relations. Section 232 tariffs confirm that financial capital packages the above-mentioned value-added crisis into a national security issue, thereby applying a whole set of national security legal procedures, turning the state apparatus into a tool for global capital

harvesting. Overall, Section 232 tariffs reconstruct the capital order through the following three channels, including: the legal name channel, that is, the alienation of the legal legacy after the Cold War into a tool for profit delivery; the debt circulation channel, that is, through the legalization of social governance issues, the investment and financing of national security issues, and the Americanization of industrial issues, a closed loop of the debt channel is formed; the rule monopoly channel, that is, the disorder of international rules forces capital to concentrate in tariff depressions (such as Mexico, ASEAN, etc.), forming a closed loop of rule output.

6. Conclusion

In summary, Section 232 tariffs, as a legal tool of capital, have an operational logic that constitutes a complete system of capital power expansion, the core of which is to maximize capital interests through legal alienation, financial coercion, and the reconstruction of rules and industrial chain supply chains. First, the Cold War clauses are activated. Based on the current needs in the economic, trade, scientific and technological, and industrial fields, the vague clauses of “national defense needs” in the clauses are expanded into economic umbrellas, and economic issues, trade issues, technical issues, industrial issues, and even social governance issues are all packaged as “national security” threats, and reflected through tax rate tools. “Control valves” are set up in the fields of investment and financing and industrial chain supply chains to force the legalization of financial capital and the US capitalization of the global value chain. At the same time, unilateral rules are placed above international rules, and international rules are actually invalid, so as to achieve the reconstruction of a complete set of technology ecosystems dominated by the United States, which involves a whole set of chain rights games involving industrial chains, supply chains, value chains, rule chains, and capital chains.

At present, the national security review mechanisms of various countries present different models due to differences in strategic positioning and legal systems, but no country has established a national security investigation mechanism that is completely equivalent to Section 232 of the Trade Expansion Act of 1962. The core of this mechanism is to implement unilateral trade sanctions through threat assessment of imported goods, while similar mechanisms in other countries mainly focus on investment review or strategic industry protection. For example, the EU mainly focuses on foreign investment mergers and acquisitions and supply chain defense issues. Among them, foreign investment mergers and acquisitions mainly use the foreign direct investment security review mechanism as a national security guarantee tool, focusing on the security risks of foreign direct investment (FDI) and reviewing whether mergers and acquisitions or investment behaviors threaten public order or security. Therefore, the EU focuses on investment access, and in the field of trade, it mainly relies on anti-dumping, anti-subsidy and WTO rules to safeguard rights, as well as supply chain security. Japan mainly protects core technologies, supply chains and important economic security information through the

Economic Security Promotion Act. Among them, core technologies refer to the non-disclosure of patents in 25 fields, such as hypersonic flight and stealth materials to prevent technology outflows. Therefore, Japan focuses on technology blockade and personnel control. Russia implements merger and acquisition reviews against capital from “unfriendly countries” (such as energy and communications industries), but the restrictions are on foreign investment access rather than imported goods, and the form of sanctions is suspension of transactions rather than tariffs. China has also issued the “National Security Law”, but it focuses on macro frameworks such as political security and territorial integrity, and does not authorize the launch of national security investigations on imported goods; the 2025 “China’s National Security in the New Era” white paper emphasizes the security of emerging fields, and the measures are still mainly based on technical defense and supply chain resilience (such as rare earth control).

It should be pointed out that the current mechanisms of various countries essentially reflect the distinction between “defensive technology control” and “offensive trade sanctions”. Only the United States directly links national security with restrictions on imported goods. In this regard, a key awareness we need to draw from this is that the great changes that have not been seen in a century require us to develop not only into a manufacturing power and a technological power, but also into a trade power, a legal power, and a rule-based power. On the one hand, we must actively respond, but more importantly, we must counterattack from the underlying logic.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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