US - China tariff deal receives mixed reactions

Financial institutions have given the announcement of a 115%, 90-day, reduction in tariffs between China and the US a mixed reception, with relief over the lowering of the import duties tempered with fears over what is coming down the track.

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Credit: The White House

In the latest twist to the tariff saga the deal agreed in Switzerland over the weekend will see import duties on freight entering the US from China slashed to 30% while US exports to China will attract taxes of 10%.

A joint statement from US Treasury Secretary Scott Bessent and China's Vice Premier He Lifeng confirmed that the 90-day pause will begin on 14 May and that both countries will "establish a mechanism to continue discussions about economic and trade relations".

Stock markets surged in response to the news as did the price of oil and gas, while Reuters reported a 12% surge in Maersk shares as news of the tariff reduction was released.

Reuters reported one analyst was sceptical that the agreement would hold: "Markets have taken it at face value, I personally am a bit sceptical, if you want to end up with low tariffs then why do it like this? It's still bouncy, and uncertainty is elevated."

Another was more upbeat: "We've had reassurance from the US that negotiations will continue and that the tone of the negotiations have been positive and US and China don't want to decouple, so there is a lot more optimism that the tariffs won't have the devastating impact that perhaps they could have done, and there is a collective sigh of relief in markets."