

US and China agree to slash tariffs

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Port of Long Beach



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In a significant curtailment of the trade war between the world's two largest economies, the United States and China have agreed to considerably slash tariffs for the next 90 days.

As part of the deal reached in Geneva over the weekend, US Treasury Secretary Scott Bessent said both countries would lower their reciprocal tariffs by 115%, meaning the US will lower tariffs on Chinese goods to 30% and China will reduce duties on US imports to 10%.

The measures should kick in by May 14.

News on rolling back tariffs moved the global stock market upwards, with S&P 500 futures up by around 3% and the US dollar rallying to a one-month high.

“We want more balanced trade, and I think both sides are committed to achieving that,” Scott Bessent, US Treasury secretary, said at a briefing in Geneva on Monday, adding that neither side wants a decoupling.

The two sides have been involved in a growing trade battle since early April, when Trump put more tariffs on Chinese goods, prompting reciprocal action from Beijing.

While the agreement is only the first step towards a more permanent accord, it does signal a reduction in economic tensions between the two economic titans.

In a joint statement, both parties stated that an agreement had been reached to establish a trade consultation mechanism aimed at preventing a tariff war.

“These discussions may be conducted alternately in China and the United States, or a third country upon agreement of the Parties. As required, the two sides may conduct working-level consultations on relevant economic and trade issues,” according to the joint statement.

Bessent was speaking alongside US Trade Representative Jamieson Greer, who said, “It’s important to understand how quickly we were able to come to an agreement, which reflects that perhaps the differences were not so large as maybe thought.”

“The US has a massive \$1.2trn trade deficit, so the president declared a national emergency and imposed tariffs, and we’re confident that the deal we struck with our Chinese partners will help us to work toward resolving that national emergency,” Greer added.

Pictured below, the near-empty port of Seattle, one of many US west coast ports that have reported a drastic drop in ship arrivals in recent days.