Practice Update

U.S. and China Agree to 90-Day Tariff Reduction

May 13, 2025 By Felicia Leborgne Nowels and Li X. Massie

After constructive negotiations held over the weekend, the U.S. and China <u>agreed</u> to temporarily reduce tariffs as part of a 90-day pause, effective May 14, 2025. The <u>executive order</u> and <u>fact sheet</u> outline the key points under this deal.

The U.S. will reduce its Reciprocal Tariff on goods from China (including articles of Hong Kong and Macau) for 90 days, rolling back its 125% duty rate and temporarily dropping the rate to <u>10%</u>. However, this temporary trade deal does not affect any of the other additional tariffs introduced during President Donald Trump's second administration. Notably, the U.S. tariffs on goods from China issued relating to fentanyl (20%) and other additional duties – including Section 301 tariffs on goods from China (7.5% to 25% and up to 100% depending on the product) and Section 232 tariffs on steel and aluminum (25%), as well as Section 232 tariffs on automobiles and automobile parts (25%) – will remain unaffected. These additional tariffs continue to be subject to Trump's April 29, 2025, de-stacking rules and previously announced exceptions.

Similarly, under this deal, China agreed to reduce its tariffs on goods from America from 125% to **10%** during this 90-day pause. China also agreed to suspend or revoke its countermeasures, including its

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restrictions on the export of rare earth metals and magnets.

This temporary trade deal opens the door for future negotiations, including additional purchase agreements of American goods by the Chinese government. While this trade deal provides temporary relief from the high tariffs on imports from China, uncertainty remains as to whether a lasting agreement will be reached before the 90-day pause expires.

The effective date for the U.S.'s reduced Reciprocal Tariff on goods from China is 12:01 a.m. eastern daylight time on **May 14, 2025**, and the 90-day reduction on the Reciprocal Tariff will end August 12, 2025. Further guidance from U.S. Customs and Border Protection is anticipated.

Contact your Akerman International Trade and Customs team member for more information on the rapidly changing trade wars.

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