

US and China reach a deal to slash sky-high tariffs for now, with a 90-day pause

1 of 4 | U.S. and Chinese officials said Monday they had reached a deal to roll back most of their recent tariffs and call a 90-day pause to keep talking to resolve their trade disputes.

BY JAMEY KEATEN, DAVID MCHUGH, ELAINE KURTENBACH AND KEN MORITSUGU

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GENEVA (AP) — The United States and [China](#) agreed Monday to slash their massive [recent tariffs](#), restarting stalled trade between the world's two biggest economies and setting off a rally in global [financial markets](#).

But the de-escalation in [President Donald Trump's trade wars](#) did nothing to resolve underlying differences between Beijing and Washington. The deal lasts 90 days, creating time for U.S. and Chinese negotiators to reach a more substantive agreement. But the pause also leaves tariffs higher than before [Trump started ramping them up](#) last month. And businesses and investors must contend with uncertainty about whether the truce will last.

[U.S. Trade Representative Jamieson Greer](#) said the U.S. agreed to drop the 145% tax Trump imposed last month to 30%. China agreed to lower its tariff rate on U.S. goods to 10% from 125%.



Shipping containers are seen ready for transport at the Guangzhou Port in the Nansha district in southern China's Guangdong province, April 17, 2025. (AP Photo/Ng Han Guan, File)

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A deal averts a total blockade

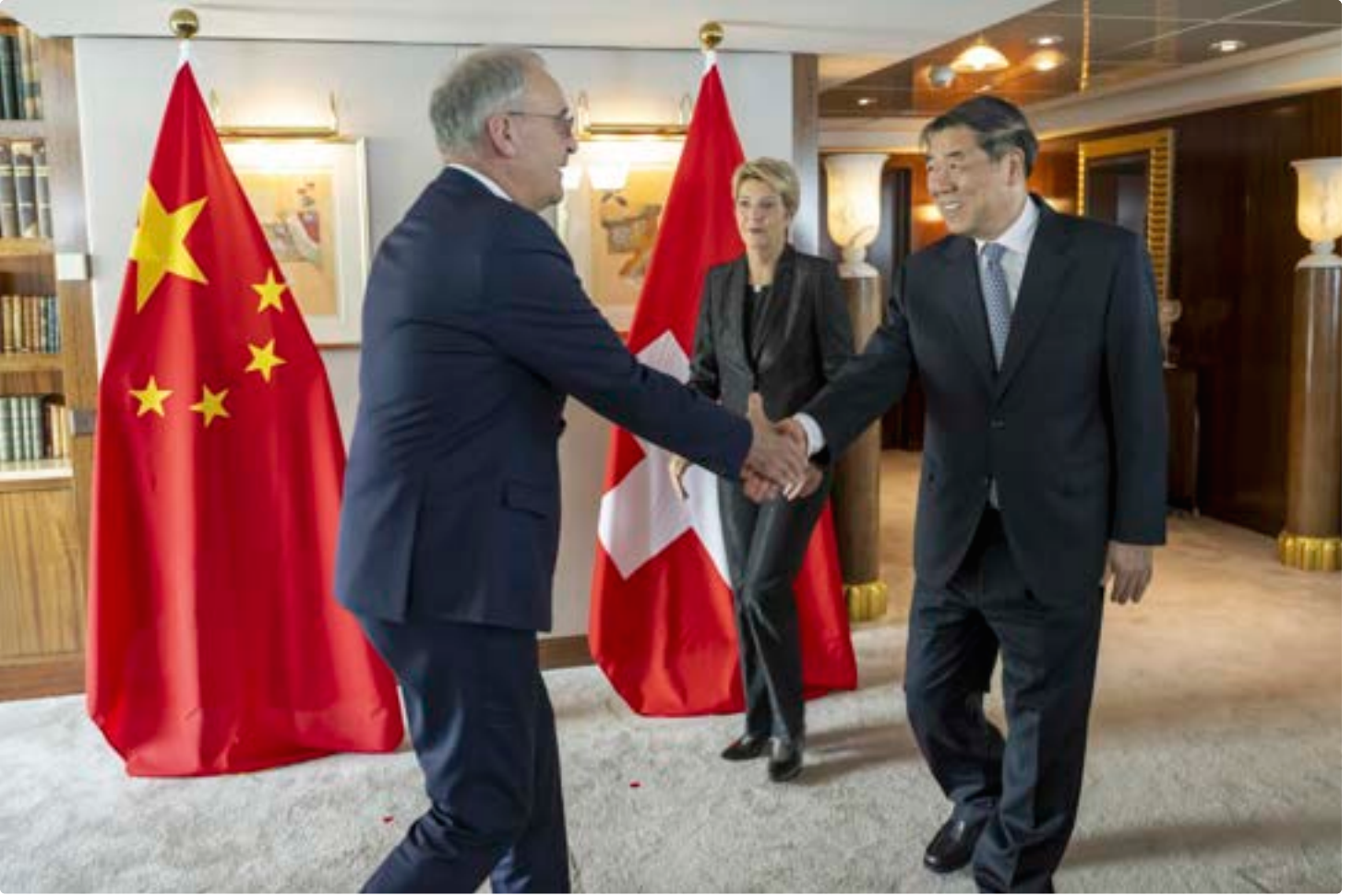
Greer and [Treasury Secretary Scott Bessent](#) announced the tariff reductions at a news conference in Geneva.

The officials struck a positive tone as they said the two sides had set up consultations to continue discussing their trade issues. Bessent said that the triple-digit tariffs the two countries imposed on each other last month — in an escalation of tensions Trump started — amounted to “the equivalent of an embargo, and neither side wants that. We do want trade.”

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Tariff talks begin between US and Chinese officials in Geneva

[The delegations](#), escorted around town and guarded by scores of Swiss police, met for at least a dozen hours on both days of the weekend at a sunbaked 18th-century villa that serves as the official residence of the Swiss ambassador to the United Nations in Geneva.

At times, the delegation leaders broke away from their staffs and settled into sofas on the villa's patios overlooking Lake Geneva, helping deepen personal ties in the effort to reach a much-sought deal.

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Finally, a deal

The 30% levy that America is now imposing on Chinese goods includes an existing 20% tariff intended to pressure China into doing more to prevent the [the synthetic opioid fentanyl](#) from entering the United States. It also includes the same 10% “baseline” tariff Trump has slapped on imports from most of the world’s countries. The 30% tax comes on top of other levies on China, including some left over from Trump’s first term and kept by former President Joe Biden.

Trump had ratcheted the combined tariff to 145% last month, furious that China was retaliating, before backing down Monday.

China’s Commerce Ministry called the agreement an important step for the resolution of the two countries’ differences and said it lays the foundation for further cooperation.

“This initiative aligns with the expectations of producers and consumers in both countries and serves the interests of both nations as well as the common interests of the world,” a ministry statement said.

China hopes the U.S. will stop “the erroneous practice of unilateral tariff hikes” and work with China to safeguard the development of economic and trade relations, injecting more certainty and stability into the global economy, the ministry said.

The joint statement by the two countries said China also agreed to suspend or remove other measures it has taken since April 2 in response to the U.S. tariffs. China has increased export controls on rare earths, including some critical to the defense industry, and added more American companies to its export control and unreliable entity lists, restricting their business with and in China.

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ore U.S. Trade Representative Jamieson Greer, left, and U.S. Secretary of the Treasury Scott Bessent take part in a press conference after two days of closed-door discussions on trade between the United States and China, in Geneva, Switzerland, Monday, May 12, 2025. (Jean-Christophe Bott/Keystone via AP)

Markets rally as two sides de-escalate

The full impact on the complicated tariffs and other trade penalties enacted by Washington and Beijing remains unclear. And much depends on whether they will find ways to bridge longstanding differences during the 90-day suspension.

Bessent said in an interview with CNBC that U.S. and Chinese officials will meet again in a few weeks.

But [investors rejoiced](#) as trade envoys from the world's two biggest economies blinked.

Futures for the S&P 500 jumped 2.6% and the Dow Jones Industrial Average was up 2%. Oil prices surged more than \$1.60 a barrel, and the dollar gained against the euro and the Japanese yen.

"This is a substantial de-escalation," said Mark Williams, chief Asia economist at Capital Economics. But he warned "there is no guarantee that the 90-day truce will give way to a lasting ceasefire."

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Dani Rodrik, an economist at Harvard University, said that the two countries had stepped back "from a needless trade war" but that U.S. tariffs on China remain high at 30% "and will mainly hurt U.S. consumers."

"Trump has obtained absolutely nothing from China for all the chaos he generated. Zilch," Rodrik wrote, posting on Bluesky.

Craig Singleton, senior director of the China program at the Foundation for Defense of Democracies, said the speed at which the agreement came about suggested that "both sides were more economically boxed in than they let on."

"For China, the economic pain was real: Rising unemployment, capital flight, and export orders falling at their

fastest rate in nearly two years,” Singleton said. “For Trump, markets mattered, and this deal gives him a win without abandoning leverage.”

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The announcement by the U.S. and China sent shares surging, with U.S. futures jumping more than 2%. Hong Kong’s Hang Seng index surged nearly 3%, and benchmarks in Germany and France were both up 0.7%

“The drop from sky-high to merely high tariffs, along with the uncertainty about the path of future tariffs, will still serve as a constraint on trade and investment flows between the two economies,” said Eswar Prasad, professor of trade policy at Cornell University.

“Nevertheless, it is a positive omen for the world economy that U.S. tariffs might eventually end up as significant trade barriers but not unsurmountable walls,” he said.

Jay Foreman — CEO of Basic Fun, the Florida-based company behind such toys as Care Bears and Tonka trucks — said he was relieved to see the tariff rate on Chinese goods now down to 30%. But he wants that to drop to 10%.

Foreman said he’d just advised his team in China to release its toy shipments, which had been paused since early April. Before Monday’s deal, he said, he thought he’d have to double prices — but they’ll still go up, by 10% to 15% for the third and fourth quarters.

“It’s like they tried to feed us a rotten egg sandwich and hope we’re happy to drink spoiled milk instead,” Foreman said.

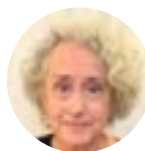


US Trade Representative Jamieson Greer, left, and US Secretary of the Treasury Scott Bessent take part in a press conference after two days of closed-door discussions on trade between the United States and China, in Geneva, Switzerland, Monday, May 12, 2025. (Jean-Christophe Bott/Keystone via AP) ore

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