

CUSTOMER ADVISORY

Tariff De-Escalation
14 MAY 2025

KWE
Global Logistics Partner



UPDATE: TARIFF DE-ESCALATION BETWEEN THE U.S. AND CHINA

In a [Fact Sheet](#) released in the early morning on May 12, the White House announced having reached an agreement with China over the weekend to retain a U.S. baseline tariff in China as well as set a path for future discussions to open market access for American exports— a critical component of the discussions.

While reaffirming their commitment to a longstanding bilateral trade relationship, both parties also confirmed their intent to help reduce the massive trade deficit between the U.S. and China and to support the U.S. manufacturing sector, which has continued to experience decline. This agreement will remain in effect for 90 days as both nations work toward rebalancing the trade deficit.

They further issued a [Joint Statement](#) on recognizing the importance of their “bilateral economic and trade relationship to both countries and the global economy; and the importance of a sustainable, long-term, and mutually beneficial economic and trade relationship”. Goods from China, Hong Kong, and Macau will continue to be subject to the following tariff programs:

- **Section 301 (25% or higher)**
- **International Emergency Economic Powers Act (IEEPA) Fentanyl Tariff (20%)**

90-Day Window

The only change is that the China/Hong Kong/Macau-specific tariff of 9903.01.63 will no longer be in effect. Beginning May 15, 2025, the global IEEPA Reciprocal Tariff 9903.01.25 (10%) must be applied. The



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White House also released an [Executive Order](#) providing more specifics about how the agreed changes will take effect for ad valorem rate of duty, tariff modifications and de minimis as they relate to products from China and Hong Kong. We will update our readership further on the mechanism established to effect the above steps for shipments that are arriving during this 90-day period. U.S. Customs & Border Protection (CBP) will also likely issue instructions on effecting these changes. Please standby for further details.

LANDMARK ECONOMIC DEAL BETWEEN U.S. AND U.K.

The United Kingdom (UK) secured the first U.S. trade deal protecting British businesses and jobs, as detailed in a [Fact Sheet](#) issued on May 8, 2025,. This is the second landmark deal in the UK's national interest following their [deal with India](#), as the UK Prime Minister Keir Starmer delivered on his promise to protect the UK steel industry and British carmakers, saving thousands of jobs across the country. US tariffs on automobiles were immediately slashed from 27.5% to 10% for the first 100,000 vehicles imported annually. Steel and aluminum tariffs were also reduced from 25% to zero. The deal also includes unprecedented market access for British farmers, with protections on food standards maintained

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