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Trade Deal Q&A - China and UK Developments and Impacts

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This article was originally published on May 13, 2025. It has been updated to reflect changes following the release of an Executive Order detailing the implementation phase of US-UK Negotiations on Trade-Related Matters on June 16, 2025. Negotiations with China are ongoing as of the date of publication. Potential clarity on reciprocal tariff expectations continues to emerge after framework trade deals announced with China and the United Kingdom. On May 12, 2025, the White House issued a Fact Sheet and Executive Order ("China EO") modifying the "Reciprocal Tariff" program as it applies to imports from China. A Joint Statement with China outlines the 90-day tariff reduction signaling a desire for further negotiation. Days earlier on May 8, 2025, the White House published a Fact Sheet outlining changes to the trade relationship between the United States and the UK, which was followed by a new Executive Order to Implement the General Terms of the US-UK Agreement on June 16, 2025 ("UK EO"). High-impact questions and answers based on what is known now are shown below.

What is the effective duty rate on imports to the US following these announcements?

The US will apply a 10% reciprocal duty to Chinese goods for 90 days by May 14, 2025. Additional 20% duties imposed earlier in 2025 due to the fentanyl crisis remain in effect. De minimis and postal imports from China will face either a 54% or $100 duty per shipment beginning on May 14, 2025. The reciprocal duty is subject to change after the 90-day period while the de minimis duty is not at this time. All duties imposed prior to April 2, 2025, remain in effect, including Section 232 duties, Section 301 duties, and any applicable anti-dumping and countervailing duties.

The White House's Fact Sheet on this announcement with China positions the updated 10% duty as total removal of the 125% reciprocal duty on Chinese goods that arose from the April 8 and April 9 increases responding to retaliation in favor of the universal baseline applied elsewhere. The White House's China EO explains that the reduced 54% duty replaces the 120% de minimis tariff on China goods last modified on April 9, 2025. The $100 duty will remain in place and the future $200 duty rate per postal item will no longer go into effect on June 1, 2025.

Imports from the UK will also be subject to the 10% universal baseline during the "pause" period. Sector-specific provisions are a key part of this announcement. For example, the US will ensure that the first 100,000 vehicles imported to the US by UK auto manufacturers annually will be subject to a reciprocal tariff rate of 10% with vehicles imported thereafter subject to a higher 25% rate. Auto parts will be subject to a 10% rate rather than 25% if they are made in the UK for use in UK autos in the US. The US and UK have also committed to negotiating an alternative arrangement to the Section 232 tariffs on steel and aluminum. Details are forthcoming pending negotiation. The UK EO underscores the US's commitment to ensure that UK pharmaceutical imports receive preferential treatment under proposed Section 232 Duties which are being investigated at this time. Both countries also committed to strengthen aerospace and aircraft manufacturing by establishing a bilateral duty-free trade agreement.

May a US importer receive refunds from CBP on duties that were paid to date?

No. At this time the White House has not signaled that importers will be able to apply for and receive refunds on duties paid to date prior to the lowering of certain reciprocal duties.

Did the United States gain foreign market concessions during these negotiations?

China and the UK have in principle agreed to negotiate certain concessions benefiting US industry. China's duties on imports from the US will also be reduced by 10% for a period of 90 days, commencing on May 14, 2025. The duty is subject to change after the 90-day period. This 10% duty corresponds to the US baseline rate. It reflects in essence the removal of China's retaliatory 125% duty on US goods. China's imposition of tariffs on US-origin agricultural products including poultry, beef, and dairy remain in effect.

China also committed to adopting administrative measures to suspend and remove non-tariff countermeasures imposed against the US since April 2, 2025. These countermeasures include prohibiting the supply of dual-use technologies to certain US companies and restricting the export of critical minerals to the US.

The UK has committed to reducing applied tariffs on a preferential basis for a range of US goods in certain sectors. The UK will eliminate its current 20% tariff on US beef within a quota of 1,000 metric tons and replace it with a new duty-free quota of 13,000 metric tons. The UK will also introduce a duty-free tariff rate quota of 1.4 billion liters will also be introduced for US ethanol. These points were confirmed in the UK EO. Additionally, the aerospace and aircraft manufacturing sectors of the US economy will benefit from the bilateral duty-free trade agreement contemplated by the US and UK. Each country plans to coordinate the timing of these tariff reductions as quickly as possible, accounting for domestic procedures. Additionally, the UK will work to meet US requirements on the supply chain security and ownership transparency for steel and aluminum.

Do these announcements signal a trendline for other negotiations?

Yes. Imports from China and the UK now face a 10% baseline tariff during this interim period (subject to other applicable tariffs). Presidential candidate Trump campaigned to impose a 10% tariff on goods imported into the US during the Summer of 2024. When the White House announced the imposition of reciprocal duties on April 2, 2025, in Executive Order 14257, it instituted the baseline for all countries except those receiving higher reciprocal tariffs. Those higher reciprocal tariffs were later paused for most countries on April 9, 2025, by Executive Order 14266, leaving the 10% baseline in place. The White House also signaled that duty rates could be modified based on US trading partners' actions to correct trade imbalance issues.

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