

GOVERNMENT

US, China tariff escalation put on hold

December 3, 2018



The trade war is on hold for the near future. Image credit: Vipshop

By STAFF REPORTS

The ongoing trade feud between the United States and China is on hiatus, as the two countries have entered an agreement not to put additional tariffs on goods after Jan. 1.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

President Donald Trump had threatened to raise the existing 10 percent tariffs on Chinese goods to 25 percent in the new year, but he has agreed to leave the taxes where they stand. Over the next 90 days, the nations will undergo further discussions in an effort to solve the trade dispute before it escalates further.

Trade war truce

During a meeting held in Buenos Aires, Argentina surrounding the G20 summit, Presidents Trump and Xi Jinping struck a deal about their trade negotiations.

Per a statement from the White House, China will begin to buy a "substantial" amount of products from the United States, including agricultural and industrial goods. A key focus of President Trump's has been the trade imbalance between the two nations, and this is seen as a move towards lowering this disparity.

"President Trump and President Xi have agreed to immediately begin negotiations on structural changes with respect to forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft, services and agriculture," said the statement.

"Both parties agree that they will endeavor to have this transaction completed within the next 90 days," it read. "If at the end of this period of time, the parties are unable to reach an agreement, the 10 percent tariffs will be raised to 25 percent."

On Twitter, President Trump said on Dec. 3 that China has agreed to lower or remove the tariffs on U.S. cars, which currently sits at 40 percent.



Tariffs on U.S. cars are reportedly being lowered. Image credit: Cadillac

"It is clear the administration has heard the voices of those negatively impacted by existing tariffs," said Matthew Shay, president and CEO of the National Retail Federation, in a statement. "We hope this 90-day tariff pause will lead to a positive resolution that removes tariffs altogether and improves US-China trade relations."

Luxury investors still fear a possible trade war between the United States and China in spite of a positive first half to the year.

Kering, Tapestry and Tiffany & Co. were among the companies that have seen strong results in 2018, but London's Savigny Partners finds that uncertainty remains as luxury brands continue investing in the Chinese market ([see story](#)).

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.