



Tariff truce

Posted at: 04/12/2018

Tariff truce-U.S. and China must use the next 90 days to close the trade war in a way that benefits both

- On the sidelines of the G20 meeting in Buenos Aires over the weekend, the U.S. and Chinese Presidents, Donald Trump and Xi Jinping, agreed to a 90-day truce.
- The two countries will try to find an amicable solution to the various problems plaguing bilateral trade relations, such as disputes over intellectual property rights and Chinese state support for domestic industries, through talks over the next three months.
- Meanwhile, the U.S. will refrain from raising the tariff on Chinese goods worth \$200 billion from the current rate of 10% to 25% on January 1, 2019, as planned.
- In return, according to the White House, China will purchase agricultural and other goods from the U.S. in order to reduce the trade imbalance between the two countries.
- If talks fail, however, increased tariff rates are scheduled to come into force immediately.
- It is worth noting that Canada and Mexico arrived at a compromise trade agreement with the U.S. in October, replacing the decades-old North-American Free Trade Agreement (NAFTA).
- So these are signs that the global trade war that began earlier this year may be cooling down a little as 2018 draws to an end.
- What prompted the U.S. and China to arrive at an unexpected, albeit temporary, compromise is unclear.
- A compromise that will allow both sides to claim final victory in the battle would be the best outcome.

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