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United States and China trade deal takes shape

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United States President Donald Trump announced in December 2019 that a trade deal with China would require approximately three phases. On Jan. 15 President Trump and Chinese Vice Premier Liu He signed “phase one” of the deal.^[1]

According to reports in The Wall Street Journal^[2] and tweets from the President Trump, the deal includes the U.S. agreeing to halt tariffs going forward and a reduction of some current tariffs from 15% to 7.5%. China will respond with major purchases of U.S. agricultural products, ostensibly totaling USD 40-50 billion. U.S. tariffs of 25% would remain on roughly USD 250 billion in Chinese goods, including machinery, electronics and furniture. In exchange, officials in Washington said China agreed to increase American agricultural purchases by USD 32 billion over previous levels over the next two years.

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