

McLarty Update: President Trump Institutes 90-Day Reciprocal Tariff Pause

April 10, 2025

[This memo is part of the “Liberation Day” series: Find memo [one](#), [two](#), [three](#), and [four](#) here, and the full list of reciprocal rates [here](#).]

TOPLINE

After several days of market volatility and growing political anxiety inside the Republican Party, President Trump issued a shocking pivot on his reciprocal tariff policy, only one week after his White House “Liberation Day” event. The move seemed to stun some of his inner circle, notably the hard-liners on trade policy like Peter Navarro, and indicates that, for now, moderating voices like Treasury Secretary Scott Bessent and NEC Chairman Kevin Hassett have President Trump’s ear. Bessent’s increasing role, almost certainly because of heightened concern about signals sent from the bond market regarding a potential recession, as well as the importance of taxation and currency in negotiations with key trading partners, could signal new pragmatism in negotiations with interested governments. Time will tell, however; we will be watching to see whether the Treasury Secretary can deliver the types of agreements President Trump is expecting.

BACKGROUND

On April 9, President Trump [announced](#) that he had authorized a 90-day suspension of the reciprocal tariffs set forth on April 2, [impacting](#) 57 countries to enable trade negotiations to proceed. Though, President Trump made clear the pause was only in effect for countries that had chosen not to retaliate against the United States. The **10% universal baseline tariff** that was also announced on April 2 **remains in place**. Current 25% tariffs – and **USMCA-related exemptions** – **remain in place** for Canada and Mexico, and **25% global tariffs on steel, aluminum, and autos are also unchanged**. But even as he gave many countries a temporary reprieve, he significantly increased the pressure on China – announcing a new 125% reciprocal rate on China following days of retaliation and counterretaliation between the two leaders (China’s tariffs on the United States currently stand at 84%).

On April 10, the White House [clarified](#) that the effective tariff rate on Chinese imports stands at **145%**, incorporating the newly announced 125% duties along with a 20% IEEPA tariff [imposed](#) on March 3 targeting Chinese-linked fentanyl supply chains. Additionally, the April 9 [Executive Order](#) increases duties on low-value Chinese goods previously affected by the April 2 [termination](#) of *de minimis* exemptions, raising tariffs from 90% to 120%.

While Beijing has not yet responded with counter tariffs to the latest US actions, authorities have issued proportional countermeasures to US duties thus far. On April 4, the Chinese Ministry of Finance [announced](#) a 34% retaliatory tariff on US imports, which was subsequently increased to 84% on April 9 to [mirror](#) the US adjustment. In prior retaliation cycles—including those in response to IEEPA tariffs targeting the fentanyl supply chain—Beijing has paired broad-based tariff hikes with company-specific investigations and entity listings, often targeting major US technology and industrial firms. On April 10, the China Film Administration [stated](#) it would “moderately reduce the number of American films imported” due to rising trade frictions. Still, a spokesperson from China’s Ministry of Commerce [said](#) on April 10 that “the door to talks is open” so long as dialogue is “conducted on an equal basis with mutual respect.” For a full memo on escalating US-China trade tensions, please see analysis from McLarty’s China Practice [here](#).

According to the [Executive Order](#), outreach by 75 countries to the White House to address concerns over unbalanced trade relationships represents “a significant step...toward remedying non-reciprocal trade arrangements and aligning sufficiently with the United States on economic and national security matters.” This development has been cited as justification for pausing individual reciprocal tariffs while bilateral negotiations commence. Treasury Secretary Bessent [emphasized](#) that “all options are on the table” in

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forthcoming bilateral negotiations, identifying Vietnam, India, and South Korea as the first countries slated for formal talks.

INITIAL TRADING PARTNER REACTIONS

Dozens of trading partners have made requests to begin negotiations with the White House, and the European Union immediately announced a pause in its [plans](#) to implement retaliatory tariffs on \$23 billion of American steel and aluminum. Meanwhile, after holding a phone call with President Trump ahead of the pause on Wednesday, South Korean Acting President Han Duck-soo dispatched Minister for Trade Cheong In-kyo to Washington, where he [conducted](#) opening talks with USTR Jamieson Greer on April 9 that created “favorable momentum for further negotiations.” Greer and Bessent also [met](#) with Vietnamese Deputy Prime Minister Ho Duc Phoc to begin bilateral negotiations. Japan [welcomed](#) the pause as a “positive development,” but Japanese officials are expected to continue to seek further changes on tariffs on autos, auto parts, steel and aluminum. Ryosei Akazawa, a cabinet minister who was appointed as the top negotiator on the US tariffs, is set to visit Washington as early as next week to [kick off](#) tariff negotiations with Treasury Secretary Scott Bessent and USTR Jamieson Greer.

CONCLUSION

Uncertainty remains regarding what will happen after the 90-day reprieve, especially if negotiations take longer than the provided pause, and uncertainty around what President Trump wants to achieve vis-à-vis individual countries will continue to challenge foreign leaders. **What is clear, however, is that domestic economic policy interests – not the threat of foreign retaliation – is what is motivating President Trump, an important consideration for those seeking to make a deal.**