Vir: [Trump prepares to back down in trade war with China as tariffs hammer US](https://www.telegraph.co.uk/business/2025/04/23/trump-prepares-to-back-down-in-china-tariffs-trade-war/?ICID=continue_without_subscribing_reg_first)

**Trump considers climb down in trade war with China as tariffs hammer US**

President floats ‘substantial’ cut to import levies but expects concessions

Donald Trump is considering backing down in his trade war with China as the US economy suffers.

The president could cut [tariffs](https://www.telegraph.co.uk/business/2025/04/23/rachel-reeves-treasury-borrowing-washington-imf-trump-ftse/) on imports to between 50pc and 65pc, according to The Wall Street Journal, amid fears of the damage being wrought on the world’s biggest economy by the border taxes.

Mr Trump told reporters late on Tuesday that levies on China would “come down substantially”.

“We are going to have a fair deal with China,” the president told reporters on Wednesday, without addressing the report.

On Wednesday night, Mr Trump told reporters in the Oval Office that he would set tariffs in the next two or three weeks but said a deal with China “depends on them”.

He said the US and China were speaking “every day” on tariffs.

The suggestion that tariffs [could be halved](https://www.telegraph.co.uk/business/2025/04/20/trumps-tariff-circus-is-a-statesmanlike-work-of-art/) sent stocks soaring on Wall Street, with the tech-heavy Nasdaq stock index up as much as 4pc at one point.

In a further rollback, Trump is planning to exempt some carmakers from his tariffs, the Financial Times reported on Wednesday night. Vehicle manufacturers would be able to swerve tariffs on car parts sourced from China.

It came as a group of 12 US states said they would sue the Trump administration over his tariffs. New York Attorney General Letitia James said: “The president does not have the power to raise taxes on a whim, but that’s exactly what President Trump has been doing with these tariffs.”

Markets pulled back after Scott Bessent, the Treasury secretary, denied that the US would unilaterally lower tariffs, suggesting China must make some concessions too.

However, the hint that Mr Trump could lower tariffs represents a major shift in his approach to China**.**The White House has seen the tariff on [goods from China](https://www.telegraph.co.uk/business/2025/04/21/britain-side-with-us-donald-trump-economic-war-china/) ramped up to 145pc in an attempt to force concessions from Beijing.

China has responded with levies on US products of 125pc – near-embargo levels that are poised to wipe out a large share of the trade between the two nations.

Mr Trump’s decision to consider backing down in his trade war comes as the [harm it has caused America’s economy](https://www.telegraph.co.uk/money/investing/stocks-shares/billionaire-republican-donor-trumps-doesnt-understand-trade/) becomes clearer. Trade shipments between China and the US are collapsing and a critical survey of American businesses shows growth in activity slumped to a 16-month low.

M[r Bessent](https://www.telegraph.co.uk/us/news/2025/04/10/scott-bessent-who-is-trump-tariffs/) laid the groundwork for an about-turn by claiming that “America first does not mean America alone”.

“To the contrary, it is a call for deeper collaboration and mutual respect among trade partners,” he said at an event hosted by the Institute of International Finance in Washington.

“Far from stepping back, America first seeks to expand US leadership in international institutions like the IMF and the World Bank. By embracing a stronger leadership role, America first seeks to restore fairness to the international economic system.”

Mr Bessent’s call for respect and collaboration comes weeks after [Mr Trump said the US has been “looted, pillaged, raped and plundered”](https://www.telegraph.co.uk/money/consumer-affairs/what-trump-tariffs-mean-for-you/) by trading partners and allies for decades.

Halving tariffs on Chinese imports would still leave levies higher than they were before Mr Trump took office. However, backing down would be seen as an admission of defeat in Mr Trump’s efforts to force Beijing to the negotiating table through economic force alone.

The phrase “Trump chickened out” has been trending on Chinese social media website Weibo in the wake of the president’s promise of a substantial reduction in tariffs, according to CNN.

Despite the change of tone, Mr Bessent said the US administration was still demanding changes from Beijing.

“China’s current economic model is based on exporting its way out of its economic troubles,” he said. “It is an unsustainable model that is not only harming China but the entire world.

“We want to help it change, because we need rebalancing too. China can start by moving its economy away from export overcapacity and towards supporting its own consumers and domestic demand.”

Mr Bessent is understood to have told a private event, hosted by JP Morgan, that tariffs as they stand [amount to an “embargo” on trade](https://www.telegraph.co.uk/business/2025/04/20/us-tariffs-are-not-americas-brexit/) between the two largest economies, anticipating both sides will scale back the taxes on imports.

“No one thinks the current status quo is sustainable at 145 and 125 [pc]. So I would posit that over the very near future, there will be a de-escalation,” he said earlier this week, according to a person who was in the room.

The scale of the havoc wrought by the tariffs is becoming clear in shipping patterns.

Container bookings on ships from China to the US have dropped by more than 60pc in the three weeks since [Trump’s “liberation day” tariff announcements](https://www.telegraph.co.uk/business/2025/04/23/trump-destroying-the-dollar-is-a-dangerous-game/), according to Ryan Petersen, the chief executive of logistics manager Flexport.

“Companies stocked up on inventory in anticipation of April 2, so it will take a while before shortages hit. If Trump reverses course very soon, he can head off the worst of this catastrophe,” he said on social media.

Customers of German shipping company Hapag-Lloyd have cancelled 30pc of shipments transporting goods from China to the US, according to Reuters.

Meanwhile, a closely watched survey of private sector activity published on Wednesday pointed to a significant slowdown in business activity in the US in April.

Chris Williamson, the chief business economist at S&P Global, which conducted the survey, said: “Manufacturing is broadly stagnating as any beneficial effect of tariffs are offset by heightened economic uncertainty, supply chain concerns and falling exports, while the services economy is slowing amid weakened demand growth, notably in terms of exports such as travel and tourism.”

Hedge fund billionaire Ken Griffin said the trade war had become “nonsensical”. Speaking at a Semafor event in Washington, he warned that Mr Trump’s actions had damaged the image of the US on the international stage.

He said: “The United States was more than just a nation. It’s a brand – it’s a universal brand, whether it’s our culture, our financial strength, our military strength.

“America rose beyond just being a country. It was like an aspiration for most of the world. And we’re eroding that brand right now.”