

Article | 2 July 2025

TRADE

Everything you need to know as we near the end of the US 90-day tariff pause

Starting at 12:01 AM EST on 9 July, reciprocal tariffs ranging from 11% to 50% will be reinstated unless formal trade agreements, such as the US/UK agreement, or high-level deals like the one between the US and China, are established. What can we expect regarding future trade deals, tariff rates, and the ongoing US/China dispute?



Countdown to 9 July: everything we know as we approach the end of the 90-day tariff pause

When will the letters with Trump's promised "take it or leave it" offer be sent out? Will tariff rates revert to the 11% to 50% range announced on 2 April, or will there be multiple extensions beyond the 9 July deadline in cases of "good faith" negotiations?

With exactly one week remaining until the 90-day tariff pause ends, here's a snapshot of the current situation. Bear in mind that a lot can change between now and then.

Where we currently stand

Here is a list of the currently effective tariff rates:☒

World:☒

- IEEPA universal tariff (as of 5 April): 10%
- Section 232 tariffs:
 - Auto (as of 3 April) & auto parts (as of 3 May): 25%
 - UK: 10% tariff quota for 100,000 vehicles
 - Steel & aluminium and certain derivative steel and aluminium articles (as of 4 June): 50% (non-metallic content is subject to reciprocal tariffs)
 - UK: 25% (until at least 9 July)

China:

- Base tariff: 30% (since 14 May)
- Effective tariff rate: up to 55% (includes legacy Trump/Biden tariffs under Section 301); 55% tariff total struck under 'framework deal' still to be confirmed
- Elimination of de minimis rule (goods under \$800): 54% tariff or a fee of \$100 per postal item (since 14 May)

Canada and Mexico:

- 25% for non-USMCA-compliant goods
- 10% for non-USMCA-compliant energy and potash

Tariff reduction deals and trade talks

In recent weeks, there has been sporadic news about finalised or almost finalised deals, as well as stalled trade negotiations. According to news reports, agreements with up to 10 major trading partners, following China and the UK, are imminent, as countries race to avoid the steep tariff hikes. But with time running out, tariff exemption extensions may still be needed after 9 July.

China: The US has already finalised a key deal with China, securing rare earth mineral exports in exchange for lifting certain countermeasures. Details or an official document have not been disclosed – likely due to the sensitivity of the agreement, which touches on strategic resources and ongoing geopolitical tensions.

While the US-China agreement [marks a significant de-escalation](#) with both nations previously imposing sweeping tariffs and non-tariff barriers, we should not forget that the effective tariff rate for goods entering the US from China still stands at 55%. Additionally, several anti-dumping countermeasures are in place. Tensions remain high as China voices strong discontent over other countries entering trade agreements with the US, which it considers to be undermining its interests.

EU: US President Trump has threatened to increase tariffs to 50% instead of 20% from 9 July, if the US and the EU are unable to strike a deal. EU retaliation, on the other hand, would kick in

as of 14 July. A sticking point for the US remains non-tariff barriers, such as the EU's Digital Markets Act (DMA) or its Carbon Border Adjustment Mechanism. Reports suggest, however, that the EU signalled readiness to grant American companies exceptions from the DMA, if it were to get sector-specific exemptions from US tariffs or quotas, especially in key sectors such as automobiles, steel, aluminium, pharmaceuticals, and semiconductors, while accepting a 10% universal tariff.

Canada: Trade talks between Canada and the US have resumed after a period of tension, primarily caused by Canada's proposed Digital Services Tax (DST). Canada had planned to implement a 3% digital services tax on large tech companies operating in the country. This tax, retroactive to 2022, was seen by the US as a direct attack on American businesses, with Trump terminating all trade discussions with Canada. To de-escalate the situation and resume negotiations, Canadian Prime Minister Mark Carney announced the repeal of the DST just before it was set to be enforced. Both sides now aim to finalise a new trade deal by 21 July.

Our base case: We do not anticipate the current negotiations to be fully concluded by 9 July, so extensions for the ongoing talks are likely. Canada has already secured itself an extension until 21 July by agreeing to US demands to scrap the digital tax. For China, the official deadline remains 12 August, although it is unclear whether the recent framework trade agreement between the US and China has nullified this deadline. No formal announcement has been made yet.

Temporary tensions are possible, e.g. between the US and Japan, especially over car tariffs, or between the US and the EU, with symbolic retaliation in areas where there are not enough concessions from the US to trade partners (e.g. EU retaliation, but in non-sensitive areas).

US stance on tariffs unchanged: protectionism is still the name of the game

Despite trade talks, the US is not pursuing reciprocity – tariff revenue is a strategic goal to finance at least part of the Big Beautiful Bill Act. Commerce Secretary Howard Lutnick has made it clear: zero-for-zero deals are off the table.

A closer look at [Project 2025](#) also suggests that mirroring foreign tariffs could reduce the trade deficit more than reciprocal reductions.

Our base case: The average current tariff rate of 13% is unlikely to change by year-end. Protectionism is still the name of the game for the US, although tariff rates will not

increase back to reciprocal levels as of April. The 10% baseline tariff is here to stay. And we still expect sector-specific tariffs to rise in the third and fourth quarters as Section 232 and 301 investigations conclude, though these tariff rates will vary by trading partner, with either a reduced MFN rate or quotas in place.

Targeted sectors: copper, lumber, cranes, critical minerals, pharma, semiconductors, shipbuilding, trucks and aircraft, while tariffs on cars and car parts, aluminium and steel are already in place. That means that the average US tariff rate will remain around its current level, e.g. between 12-15%, with the EU still facing some 10-15% and China around 50% tariff rates.

Strategic trade shifts: allies caught between the US and China

Despite potential trade deal announcements, the trade war and the reshuffling of trade flows are far from over. With [Canada introducing a new tariff quota](#) (TRQ) on steel mill product imports from non-free trade agreement (FTA) partners as of 27 June, redirecting goods via third countries is becoming increasingly difficult. China has once again expressed strong discontent with other countries entering trade agreements with the US that it perceives as undermining its interests. The Chinese Ministry of Commerce warned that it would take “firm, resolute countermeasures” if such deals come at China’s expense, calling the US strategy of reciprocal tariffs “unilateral bullying” that disrupts the international trade order.

[We have warned before](#) that the US tariff strategy could prompt global concessions and isolate China, with countries targeted by potential US tariff action making significant concessions, ultimately improving trade relations between the US and the rest of the world, but at the expense of China.

As China is perceived as the largest geopolitical threat to the US administration, there is a huge possibility that American policies will focus more on indirect trade impediments, including investment, social media, and technology cooperation, pressuring companies to reduce their business with China if they wish to invest in the US. This places both Asian/Chinese trade partners and US allies in a difficult position.

While many trading partners have launched anti-dumping investigations into some of China’s trade practices, the Chinese market is even more important to ASEAN nations, African, Latin American countries and even Germany in terms of imports than the US market. Many countries rely on Chinese components and raw materials, and the flexing of China [curbing rare earth exports](#) shows that there is no easy way out when choosing between the US and China.

What else to watch: court rulings

31 July remains the key date to watch in the legal battle over the IEEPA tariffs. While the US

Court of International Trade (CIT) ruled that Trump overstepped his authority under the IEEPA – impacting tariffs on China, Canada, Mexico, and others – the US Court of Appeals for the Federal Circuit (CAFC) issued a stay on the CIT's ruling, meaning that the IEEPA tariffs remain in effect for now. A final decision is expected in August, though the exact timing depends on how quickly the court rules after the hearing.

If the CAFC upholds the CIT's ruling, the case is likely to go to the US Supreme Court (the Supreme Court denied a request by two small businesses to expedite the case, meaning it will proceed through the normal appellate process). Additionally, the Supreme Court ruling from 27 June, which significantly restricts the use of nationwide (or universal) injunctions, could impact the IEEPA tariff litigation. This means that only the plaintiffs in that specific case may benefit, and those seeking broader relief may now need to pursue class certification.

Author

Inga Fechner

Senior Economist, Global Trade
inga.fechner@ing.de

Carsten Brzeski

Global Head of Macro
carsten.brzeski@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United

THINK economic and financial analysis

States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.