



The ICAS Bulletin

Institute for China America Studies

A Survey of Scholarship on U.S.-China Relations

February 12, 2025

What's Going On?

Tariffs, Retaliation, and Global Fallout



U.S. President Donald Trump signs a series of executive orders in the Oval Office at the White House on February 10, 2025 in Washington, DC. (Source: Andrew Harnik via Getty Images)

- Trump imposes 25% tariffs on steel and aluminum imports, and the US aluminum premium has surged 25% since February 7, with domestic production unable to meet demand.
- On February 10, China imposed retaliatory tariffs on U.S. energy exports and launched an antitrust probe into Google in response to recent U.S. trade measures.
- On February 10, President Donald Trump imposed 25% tariffs on all steel and aluminum imports, primarily affecting American allies but targeting China, sparking backlash from U.S. producers and international trade partners.
- On February 9, U.S. President Donald Trump suspended tariffs on small packages from China after his order ending duty-free treatment for shipments under \$800 caused disruptions, including a temporary halt in package acceptance by the U.S. Postal Service.
- On February 4, President Donald Trump confirmed there was no hurry to speak to Chinese President Xi

U.S.-China Power Struggle in Panama



Secretary Marco Rubio participates in a tour of Miraflores Locks in Panama City, Panama, February 2, 2025. (Official State Department photo by Freddie Everett via Flickr)

- On February 7, China criticized U.S. "pressure and coercion" after Panama declined to renew its Belt and Road infrastructure agreement following warnings from U.S. Secretary of State Marco Rubio.
- On February 7, Panama officially informed China of its decision to withdraw from the Belt and Road Initiative, a move praised by the U.S. Secretary of State Marco Rubio as a "victory" for U.S. interests.
- On February 3, *BBC News* reported that U.S. Secretary of State Marco Rubio demanded Panama take "immediate changes" to reduce China's influence over the Panama Canal, following President Donald Trump's vow to retake control, while Panamanian President José Raúl Mulino refused to discuss the canal's ownership.
- On February 2, *CNN* reported that U.S. President Donald Trump reiterated his vow to "take back" the Panama Canal, warning of "powerful" U.S. action over China's alleged influence, while Panamanian President

Jinping to defuse a new trade war between the world's two largest economies.

Associated News Sources:

- ["Trump tariffs lift US metals prices, industry set to struggle," Reuters, February 11](#)
- ["Chinese counter-tariffs to kick in as Trump threatens more to come," NPR, February 10](#)
- ["China Is at Heart of Trump Tariffs on Steel and Aluminum" The New York Times, February 10](#)
- ["Trump suspends tariffs on small packages from China," BBC, February 9](#)
- ["Trump in no hurry to talk to Xi amid new tariff war," Reuters, February 5](#)

José Raúl Mulino announced the non-renewal of its Belt and Road agreement with China.

- On February 2, *Voice of America* reported that U.S. Secretary of State Marco Rubio warned Panamanian leaders that China's "unacceptable" influence over the Panama Canal could force U.S. intervention, while Panamanian President José Raúl Mulino rejected any negotiations over canal ownership.

Associated News Sources:

- ["China derides U.S. "pressure and coercion" as Panama scraps Belt and Road deal with Beijing amid canal standoff," CBS News, February 7](#)
- ["Panama formally exits China's Belt and Road Initiative as US claims 'victory' in decision" South China Morning Post, February 7](#)
- ["Rubio demands Panama 'reduce China influence' over the canal," BBC, February 3](#)
- ["Trump reiterates threat to retake Panama Canal 'or something very powerful' will happen," CNN World, February 2](#)
- ["Rubio to Panama: China exerting 'unacceptable' control of the canal," VOA, February 2](#)

Silicon and National Security: The AI Battleground



Sommet pour 'action sur l'intelligence artificiel' (Source: Elysee, Public Domain)

- Apple is partnering with Alibaba to introduce AI features for iPhone users in China after considering multiple firms. It aims to regain market share amid competition from Huawei and declining sales in China.
- On February 11, reports from the Paris AI summit highlighted U.S. Vice President JD Vance's warning against excessive AI regulation, advocating a hands-off approach. Meanwhile, Europe pledged €50 billion to strengthen its AI ambitions, reflecting a three-way competition in AI governance.
- In a speech at an AI summit in Paris, Chinese Vice Premier Zhang Guoqing emphasized China's willingness to collaborate on AI security and

As Trump cuts Spending, U.S. worries about China's Influence rise



Protestors gather outside of USAID headquarters on February 3, 2025 in Washington, DC. (Source: Kayla Bartkowski via Getty Images)

- American China analysts warned that China is moving to fill the void left by the Trump administration's dismantling of USAID, and this shift could weaken U.S. global competition with China in the long run.
- Fox News reported that China's growing investments

development, aligning with President Xi Jinping's vision of "a community with a shared future for mankind.

- China's largest contract chipmaker, SMIC, saw a 38.4% drop in fourth-quarter of 2024 profit despite a 31.5% revenue increase, as heavy capital investments to expand production capacity and focus on mature-node chips squeezed profitability amid U.S. export restrictions.

- On February 6, *NBC News* reported that a bipartisan congressional bill was introduced to ban China's DeepSeek AI software from U.S. government devices due to national security concerns, while some other countries have also restricted its use.

- On January 29, U.S. officials and lawmakers raised national security concerns over the rapid adoption of DeepSeek, following its record-breaking U.S. launch, with the Trump administration directing the National Security Council to investigate potential risks.

- On January 27, *BBC News* reported that the sudden rise of Chinese AI chatbot DeepSeek, developed at a fraction of the cost of its U.S. rivals, caused Nvidia's stock to plunge 16.9% and shook global markets, while DeepSeek temporarily restricted registrations due to cyberattacks.

Associated News Sources:

["Apple Partners With Alibaba to Develop AI Features for iPhone Users in China,"](#) *The Information*, February 11

["Vance rails against AI regulation in Paris as US faces off with EU, China,"](#) *Al Jazeera*, February 11

["China is willing to share achievements in AI, vice premier says at Paris summit,"](#) *Reuters*, February 11

["China's SMIC Q4 profit slumps 38.4%, misses estimates despite revenue growth,"](#) *Reuters*, February 11

["U.S. lawmakers move to ban China's DeepSeek from government devices,"](#) *NBC News*, February 6

["China Signals It Is Open to a Deal Keeping TikTok in U.S.,"](#) *CBS News*, January 29

["Nvidia shares sink as Chinese AI app DeepSeek spooks US markets,"](#) *BBC*, January 27

in the Caribbean, including a \$3.4 billion port project in the Bahamas, is helping it to expand its influence in America's "backyard".

- According to *Reuters*, as the U.S. scales back international aid under the Trump administration, China has already formed 23 bilateral space partnerships in Africa, supplying satellite technology and infrastructure while securing access to surveillance data, further expanding its regional influence.

- On February 11, *Reuters* reported that after the Trump administration froze U.S. donations to Cambodia's largest demining organization, China pledged \$4.4 million to the group, as part of its investments in its neighboring countries.

- On February 11, a report highlighted the growing partisan divide over the fate of USAID, with Democrats arguing that scaling back the agency benefits China, while Republicans debate whether it should be restructured or merged with the State Department.

Associated News Sources:

["As USAID retreats, China pounces,"](#) *Politico*, February 10

["China expands influence near wealthy florida enclave,"](#) *Fox News*, February 11

["China builds space alliances in Africa,"](#) *Reuters*, February 11

["U.S. aid freeze risks handing influence to China in Beijing's backyard,"](#) *Reuters*, February 11

["USAID fight underscores fracturing of bipartisan China-hawk stance in Washington,"](#) *South China Morning Post*, February 11

U.S.-China Competition over EV Intensified



BYD vehicles are on display during BYD Intelligent Strategy Conference at BYD global headquarters on February 10, 2025 in Shenzhen, China.

(Source: VCG/VCG via Getty Images)

- On February 10, Leapmotor, a Chinese partner of Stellantis, launched a new smart electric vehicle priced under 150,000 yuan, a day after BYD slashed entry prices for similar EVs with autonomous driving features, intensifying competition in China's EV market.
- On February 11, Tesla opened a \$200 million Megapack battery factory in Shanghai. CEO Elon Musk navigated his dual role as Tesla leader and Trump administration adviser, while Beijing welcomed the move as a symbol of economic cooperation amid escalating tariffs and trade disputes.
- On February 11, Chinese EV giant BYD introduced its advanced "God's Eye" driver-assistance system for free on models costing as little as \$9,555, boosting its stock to a record high and intensifying China's ongoing EV price war, while also announcing plans to integrate DeepSeek AI into its vehicles.
- China's passenger vehicle sales fell 12% in January, the largest drop in nearly a year. The decline was mostly driven by shifting Lunar New Year timings, frontloaded demand from year-end sales targets, and a consumer rush before a subsidy extension.
- Huawei and SAIC Motor finalized a partnership to launch a new automotive brand, tentatively named Shangjie, targeting younger consumers with vehicles priced between RMB 170,000 and RMB 250,000. The first model is expected in late 2025.

Associated News Sources:

["China's Leapmotor launches \\$20,000 smart EV, after](#)

- In Other News -



Local residents attend the "Happy Lunar New Year Cultural Heritage Fair & Ne Zha 2 Los Angeles Premiere." at TCL Chinese Theatre on February 8, 2025 in Hollywood, California. (Source: Zhang Shuo/China News Service/VCG via Getty Images)

- ["China's 'Ne Zha 2' Shatters Box Office Records With \\$1.2 Billion," The New York Times, February 10](#)
- ["Trump says he has spoken to China's Xi since inauguration," The New York Times, February 11](#)
- ["China's wealthy shoppers have a new mentality—and it's terrible news for luxury brands like LVMH and Kering who bet billions on their loyalty," Fortune, February 11](#)
- ["HEDGEFLOW China tops hedge funds' shopping lists so far this year. Goldman says," Reuters, February 11](#)
- ["Chinese spy balloon was equipped with tech from at least 5 US firms: report," Fox News, February 11](#)

[BYD cuts entry price,](#) Reuters, February 10
[“Tesla opens Megapack battery factory in China amid nascent trade war,”](#) The Washington Post, February 11
[“A Chinese EV giant is now offering free driver assistance tech on cars under \\$10,000,”](#) CNN Business, February 11
[“China’s car sales post biggest drop in almost a year in January,”](#) Reuters, February 11
[“Huawei, SAIC to launch new brand targeting young people, report says,”](#) CNEVPOST, February 11

What Are We Reading? ↓

- *Bloomberg*: [“Trump’s New Inflation Message? Just Change the Topic”](#) by Nia-Malika Henderson (February 11)
- Council on Foreign Relations: [“India, the United States and the Future of the International Trade Order”](#) by Manjari Chatterjee Miller (February 10)
- *Foreign Affairs*: [“The Post-Neoliberal Delusion”](#) by Jason Furman (February 10)
- *The Wall Street Journal*: [“The Truth About Trump’s Steel Tariffs”](#) by the Editorial Board (February 10)
- *The Wall Street Journal*: [“Elon Must is Having a Ball”](#) by the William McGurn (February 10)
- *The Wall Street Journal*: [“Trump Outsmarts China on Green Energy”](#) by the Walter Russell Mead (February 10)
- *The Washington Post*: [“Opinion | Trump’s tariff tactics are an unpromising foreign policy anomaly”](#) by the Max Boot (February 9)
- Council on Foreign Relations: [“Tariff Turbulence: How Trump’s Mexico Tariffs Could Shift Gears in the U.S. Auto Market”](#) by Manjari Zongyuan Zoey Liu (February 7)
- *The Washington Post*: [“America risks its place in the world”](#) by the Editorial Board (February 7)
- Council on Foreign Relations: [“The Costs of Tariffs”](#) by Michael Froman (February 7)
- *Foreign Affairs*: [“China’s Trump Strategy”](#) by Yun Sun (February 7)
- Council on Foreign Relations: [“Trump Is Fulfilling His Campaign Promises; Plus, How Beijing Is Handling the Brewing U.S.-China Tariff Battle”](#) by Joshua Kurlantzick (February 5)
- *Foreign Policy*: [“China Responds to Trump’s Tariffs With Caution”](#) by James Palmer (February 4)
- *Bloomberg*: [“Trump’s Tariffs Are Even Worse Than I Imagined”](#) by Bill Dudley (February 4)
- *Foreign Policy*: [“What DeepSeek Revealed About the Future of U.S.-China Competition”](#) by Matt Sheehan (February 3)
- *Forbes*: [“Seek Deeper On DeepSeek For Artificial Integrity Over Intelligence”](#) by Hamilton Mann (January 30)

What's Happening Around Town? ↓

- Past Events -

- [The Military Balance 2025: Launch](#) February 12 hosted by IISS
- [China's Power: Up for Debate 2025](#) February 11 hosted by CSIS
- [Standoff at the Border: Rebuilding the India-China Relationship](#) February 4 hosted by Carnegie Endowment for International Peace
- [Media Briefing: Bracing for a Trade War](#) February 3 hosted by Council on Foreign Relations

- Upcoming Events -

- [The Chinese Economy in the Long Run](#) March 6-7 hosted by Hoover Institution
- [Globalizing perspectives on AI safety](#) February 29 hosted by Brookings Institution
- [Launch Event: Critical Minerals and the Future of the U.S. Economy](#) February 27 hosted by Center for Strategic and International Studies
- [Righting the Ship: Strengthening US Navy Shipbuilding and Ship Repair](#) February 19 hosted by the Hudson Institute
- [The Bigger Picture | Remaking China's Economy with David Rennie](#) February 14 hosted by Asia Society
- [The Future of the Panama Canal](#) February 13 hosted by Wilson Center
- [Is "Twin Peaks" the future of financial supervision?](#) February 13 hosted by Peterson Institute for International Economics

What ICAS Is Up To ↓

MAP Commentary

Navigating the South China Sea: Key Developments in 2024 and What to Expect in 2025

By Nong Hong

February 4, 2025



The South China Sea remained one of the most geopolitically sensitive regions in 2024, with maritime disputes, military activities, legal battles and media campaigns continuing to shape regional dynamics. As we move into 2025, a key question arises: will the region witness further confrontations, or will diplomatic avenues emerge to manage these complex issues? While tensions persist, the prospects for peace and cooperation depend on the willingness and ability of regional actors—including China, Southeast Asian nations, and external powers—to balance their competing interests.

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MAP Commentary

Any US bid to retake Panama Canal would be prohibitively costly

*By Nong Hong
February 5, 2025*

President Donald Trump has recently expressed interest in the US “taking back” control of the Panama Canal, a statement that raises significant legal and geopolitical questions. The US has no legal basis to reclaim the canal without Panama’s consent. Any unilateral move is likely to face strong international opposition and erode US credibility as a treaty-abiding nation.



...
Rather than seeking control, Washington is likely to focus on deepening economic ties with Panama and supporting infrastructure development to ensure regional stability and reduce Chinese leverage.

This commentary was [originally](#) released by South China Morning Post on February 5, 2025

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TnT Commentary

Trump’s Impact on Research Cooperation

*By Nong Hong
February 7, 2025*

The return of Donald Trump to the White House has sparked concerns about the future of U.S.-China research collaboration. A second Trump administration may prioritize shifting geopolitical strategies, national security concerns and the reduction of dependence on China in critical technologies. Such policies would likely influence the scope and dynamics of scientific cooperation between the two nations and affect various high-impact research fields and thus the global scientific landscape.

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---ICAS In the News---



On Wednesday, February 5, 2025, Senior Fellow Sourabh Gupta [examines](#) the global impact of the Trump administration's tariffs on The Heat: CGTN.

- “[Trump] will do tariffs again and maybe again [he’ll] get out lucky... It’s going to have... an impact, but the impact will be dwarfed by his tax cuts and deregulation...”

On Tuesday, February 4, 2025, Senior Fellow Sourabh Gupta [discussed](#) President Trump’s Tariff Threats on The Hub Program: CGTN

- “The issue is fentanyl trafficking, immigration, and border control and the same conversation is happening with the Canadians...”

On Tuesday, February 4, 2025, Senior Fellow Sourabh Gupta [disputed](#) President Trump’s Opening Tariff Salvos against Mexico, Canada, and China.

- “Mexico is not off the hook either in this next month. They are going to really have to do a lot and Mr. Trump will in fact probably go ahead and impose tariffs in spite of that ...”

On Sunday, February 2, 2025, Senior Fellow Sourabh Gupta [analyzed](#) on CGTN America the impending Trump tariffs on Canada, Mexico, and China.

- “It’s in the people to people area and in the law enforcement area that the greatest amount of good has been done.”

On Thursday, January 30, 2025, Senior Fellow Sourabh Gupta [discussed](#) China-Vietnam relations on The Heat: CGTN America.

- “He will use a big tariff stick as a hammer to have leverage against China for whatever reasons.”
- “There is a lot of opportunity for China and the EU actually to deepen their relationship, even though it is complicated.”

On Wednesday, January 29, 2025, Distinguished Fellow Denis Simon, Senior Fellow Sourabh Gupta, Research Associate Yilun Zhang were [quoted](#) by the South China Morning Post on the impact of DeepSeek and the reflection on the U.S.-China Decoupling.

- “The themes of decoupling, export controls and investment screening will likely continue to dominate US policy.”
- “You want to be able to have collaboration with what’s going on in China...”
- “[DeepSeek] will simply turbocharge this competition and lead to a decoupling of the tools that drive science and technology breakthroughs.”