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## What's Been Happening

### — U.S.-China Tariff Truce Extended while Decoupling in Key Areas Persist —

#### [In One Sentence]

- On August 11, President Trump extended the tariff pause on Chinese goods for another 90 days, which was widely expected following the U.S.-China trade talks in Stockholm.
- China and the U.S. also issued a joint statement, announcing the extension of the tariffs status quo until November 10 as discussions over a trade framework deal continue.
- The Trump Administration announced the expansion of its target list under the Uyghur Forced Labor Prevention Act (UFLPA) to include imports of steel, copper, lithium, caustic soda and red dates for “high-priority enforcement.”
- Nvidia and AMD have agreed to President Trump’s demand to pay 15% of their revenue to the U.S. government from advanced chip sales to China. Trump had initially demanded 20% from Nvidia but was then decreased to 15% after CEO Jensen Huang’s meeting with Trump in early August.
- However, China has reportedly nudged state and private companies to avoid using Nvidia’s H20 processors, particularly for government-related work due to security concerns.
- Shortly after reports regarding China’s decision to limit H20 usage due to security concerns, it was reported that U.S. authorities have quietly planted location tracking devices in advanced semiconductor exports to track illegal diversion of chip shipment to China.
- Despite tariffs, U.S. automaker General Motors plans to import electric vehicle batteries from China’s Contemporary Amperex Technology (CATL) for about two years until it ramps up domestic production.
- On August 6, China opposed the ongoing U.S. Commerce Department Section 232 investigations into imports of polysilicon and drone imports, calling the scope of the probe “too broad and ambiguous.”
- President Trump has threatened more punitive tariffs on Russian oil buyers similar to the ones imposed on India, implying the same could be imposed on China. However, he soon postponed plans after his meeting with President Putin on August 15.

#### [Mark the Essentials]

- Hours before announcing the tariff extension, President Trump in a Truth Social post implored China to quadruple its soybean purchases from America to help bridge the trade deficit even as soybean exports to China have dropped in 2025.
- Trump also said that the U.S. “continues to have discussions with the PRC” to address lack of trade reciprocity and “national and economic security concerns.”
- Trump remains optimistic about reaching a final trade deal with China, and noted that he was willing to visit China before the end of the year if a deal is struck.
- Homeland Security Secretary Kristi Noem called the expansion of items under UFLPA as America’s “moral, economic, national security duty to eradicate threats”, while promising to “hold Chinese companies accountable for abuses.” China has rejected allegations of forced labor in its Xinjiang Uyghur Autonomous Region.
- Trump defended the 15% profit-cut from chip sales, calling the H20 “obsolete” and hinted at a possible similar deal with regard to Nvidia’s advanced Blackwell chipset.
- Treasury Secretary Scott Bessent termed the Nvidia and AMD deal “unique” and hinted that it could be replicated “in other industries over time.”
- Nvidia rejected China’s security concerns over its H20 chips, saying the company does not contain “backdoors” in its chips.
- Trump also announced a 100% tariff on semiconductors but granted broad exemptions for firms like Apple, TSMC, Samsung, and others that commit major investments in U.S. manufacturing.
- Responding to the U.S.’ threat of secondary tariffs on purchase of Russian oil, China defended its energy and trade ties with Moscow as just and legitimate, pledging to continue them based on national interest while deepening broader economic and security cooperation with Russia.

### [Keeping an Eye On...]

- As Treasury Secretary Bessent recently noted, **the U.S.-China trade negotiations and the broader economic relationship appear to be on a stable and constructive track.** On May 12, **in Geneva**, the U.S. had suspended 24 percentage points of its 34% reciprocal tariff on China for 90 days. This, in effect, brought down the Trump administration’s tariff rate on China to 30% (10% reciprocal tariffs + 20% fentanyl-related tariffs). Given pre-existing tariffs and exclusions, the *de facto* tariff rate today is approximately 45%. For its part, China reduced its countermeasures tariff to 10% and promised to facilitate the flow of export-controlled Rare Earth Elements (REE) and neodymium magnets.

On June 9-10, **in London**, the U.S. and China fixed their disagreement on the flow of Chinese REEs and magnets and agreed on a plan to ease reciprocal export controls. Following the speeding-up of issuance of temporary rare earth export licenses for U.S. non-defense sector companies, Washington released its own hold on China-bound chip design software, jet engine components, and ethane shipments over the subsequent weeks. More notably, the Trump administration reversed course and allowed Nvidia and Advanced Micro Devices (AMD) to sell their export-controlled H20 and MI308 chips to China. Both two companies will share 15% of these China chip-sales revenues with the US government.

On July 28-29, **in Stockholm**, the two sides agreed to extend their 90-day tariff pause *in principle* for a further 90 days in order to finalize a bilateral deal. Beijing sought to remove the 20% fentanyl levy too but was unsuccessful. The two sides also “widened the aperture” of their conversations to cover relevant macroeconomic issues. On August 11, the two sides extended their 90-day pause for another 90 days to work out a trade deal. The deadline now is November 10, 2025. With the 47<sup>th</sup> ASEAN Summit and Related Summits due to be held from October 26-28 in Malaysia and the APEC Economic Leaders Meeting on October 31 in South Korea, and with both Presidents Xi and Trump expected in principle to be in attendance, the chances of a first meeting between the two in late-October, either in Kuala Lumpur, Gyeongju, or Beijing is propitious. The meeting could serve as an action-forcing opportunity to memorialize a trade agreement in advance of the Nov. 10 deadline.

The formal talks aside, **there has been a good deal of positive signaling by both sides, especially China, over the past 45 days.** In late-June, six Chinese government departments announced the **class-scheduling of two additional fentanyl precursor chemicals**, following a meeting between its Public Security Minister and the U.S. Ambassador to China. President Trump then hinted at **purchases of Iranian oil** by small, semi-independent Chinese refineries (known as ‘teapots’), posting on Truth Social that “China can now continue to purchase Oil from Iran”, despite the administration’s ‘maximum pressure’ strategy that aims to drive Iran’s oil exports to zero.

In mid-July, China’s antitrust regulator (SAMR) approved the U.S. EDA (electronic design automation) giant **Synopsys’s US\$35 billion acquisition of Ansys**. This move followed the Trump Administration’s lifting of its own EDA export controls in early-July following the resumption of Chinese rare earth elements flows. In late-July, China’s antitrust regulator (SAMR) suspended its investigation of the Chinese subsidiary of U.S. chemicals and materials giant **Dupont for monopolistic practices related to its Tyvek materials business**. The investigation has been part of a string of countermeasures announced by Beijing following Trump’s unveiling of his Liberation Day tariffs in early-April. China’s Agriculture Ministry announced the **ending of tariff exclusions** that had been in place since 2020 for **some U.S. agricultural products** (grains, oilseeds, meat, pulses, etc.) underscoring both the urgency, *and the likelihood*, of a successor agricultural market access arrangement. The exclusions are due to expire in mid-September.

In early-August, the Trump administration **denied Taiwanese leader William Lai Ching-te’s request to transit** through New York on August 4 on his way to Central/South America. A **U.S.-China Business Council (USCBC) CEO delegation** held two days of meetings in Beijing, including with China’s Foreign Minister, Commerce Minister and Industry and Information Technology Minister. Besides, the U.S. continues **imposing ‘secondary tariffs’ on China for its purchases of Russian crude**, unlike the case with New Delhi. Trump’s Executive Order in this regard did not even mention China by name, though it does refer to “intermediaries or third countries”. Imposition of ‘secondary tariffs’ would blow a hole in the 90-day tariff pause, memorialized in their August 12 Joint Statement, and disturb the delicate balance in on-going trade negotiations.

Looking ahead, the broad outlines of a U.S.-China trade (and tech.) deal can be glimpsed on the far horizon. President Trump is invested in bringing home a numerically large, managed market purchases agreement on the lines of the U.S.-China Phase One deal of January 2020. He has long viewed the Chinese consumption market as a sort of gold mine for American agriculturalists and energy exporters, and vented anger at President Biden's failure to follow through and hold Beijing's feet-to-the-fire on implementing the deal. Under the Phase One deal, Beijing had agreed to expand purchases of U.S. goods and services by \$200 billion, including \$32 billion of additional agricultural purchases, over a two-year period from Jan. 2020 through Dec. 2021. There is a fair likelihood that large market purchases-based targets is, or will be, the next focus of negotiations between the two sides. Extending China's temporary 6-month easing of rare earth mineral and magnet flows is an important secondary priority for Trump too.

For his part, President Xi is invested in bringing home a relaxation of U.S. export controls on advanced node chips, specifically later-generation High Bandwidth Memory (HBM) chips, which are critical to both AI training and are a key component of advanced computing integrated circuits. In his final major chip regulation of December 2024, Biden had export-controlled these HBM chips, after having spent the better part of the previous two years restricting chip sales on the logic side. China had responded at the time with additional controls on gallium, germanium and superhard dual-use items. While it is highly unlikely Trump will accede to Xi's request on relaxing later-generation HBM chips, doing so would amount to effectively helping Huawei displace Nvidia - which bundles HBM memory directly with advanced logic chips - and Samsung in China's AI marketplace within a shorter space of time. On the other hand, it is conceivable that Trump could allow Nvidia to sell a customized, albeit slightly downgraded, chip based on its advanced Blackwell architecture, stripped of certain HBM functionality. Trump is already testing these waters, having greenlighted the sale to China of Nvidia's H20 AI processor based on its older Hopper architecture and teased the possibility of approving chips based on Nvidia's newer Blackwell architecture.

Putting it all together, then, the obvious question that arises is this: **Can the two sides strike up a framework agreement based on expanded Chinese market access in exchange for mutual tariff reduction as well as U.S. relaxation of export controls on advanced AI chips during the prospective Trump-Xi summit in the last week of October?** The likelihood of such a framework deal should not be discounted. And the sale/divestiture of TikTok could be the cherry on top. A U.S.-specific clone of the recommendation algorithm should be ready by September, leaving only the export control hold maintained by Beijing on the algorithm to be removed for the deal to be consummated.

### [Expanded Reading]

- [US targets steel, copper, lithium imports under Uyghur forced labor law](#), Reuters, August 19, 2025
- [Trump Says No Imminent Plans to Penalize China for Buying Russian Oil](#), Reuters, August 15, 2-25
- [China Urges Firms to Avoid Nvidia H20 Chips After Trump Ends Ban](#), Bloomberg, August 12, 2025
- [Bessent Sees Nvidia, AMD China Agreements as a Model for Others](#), Bloomberg, August 12, 2025
- [Trump Extends China Tariff Deadline by 90 Days](#), CNBC, August 11, 2025
- [Trump Says He Asked for 20% Cut from Nvidia, Calls H20 An 'Obsolete' Chip](#), CNBC, August 11, 2025
- [Nvidia and AMD to Pay 15% of China Chip Sales to US](#), BBC, August 11, 2025
- [Trump Vows More Secondary Sanctions for Russia Oil Buyers are Coming, Including Potentially on China](#), CNN,

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- [GM Will Import EV Batteries from China's CATL Despite Tariffs](#), *The Wall Street Journal*, August 7, 2025
- [Trump Eyes 100% Chips Tariff, Exempting Firms That Invest in US](#), *Bloomberg*, August 6, 2025
- [Comments by the Government of the People's Republic of China to the Bureau of Industry and Security, Office of Strategic Industries and Economic Security, U.S. Department of Commerce](#), *Regulations.gov*, August 6, 2025
- [Nvidia Says Its AI Chips Don't Have A 'Kill Switch' after Chinese Accusation](#), *CNBC*, August 5, 2025
- [Trump Says He Will Meet China's Xi if a Trade Deal is Struck](#), *Reuters*, August 5, 2025
- [China Pushes back at US Demands to Stop Buying Russian and Iranian Oil](#) *Associated Press*, August 3, 2025

## On the Hill

### [Hearings and Statements]

- Senate Democrats condemned Trump's revenue-sharing deal with Nvidia and AMD, warning it sacrifices national security for trade concessions, violates export control law, and effectively puts America's technological edge "up for sale" to China.
- The House Select Committee on the Chinese Communist Party laid out strict conditions for any U.S.-China trade deal, demanding Beijing eliminate subsidies, overcapacity, currency manipulation, and quotas on U.S. goods, while also insisting on sensitive political concessions like recognizing Taiwan's sovereignty, ending Xinjiang labor camps, and stopping fentanyl exports. At the same time, it warned that a deal must not permit advanced chip sales, Chinese investment in strategic sectors, or easing restrictions on TikTok and Chinese connected vehicles, stressing that anything less would endanger U.S. economic and national security.
- Top lawmakers in both parties and tech policy experts sharply criticized the Trump Administration's reported deal to let Nvidia and AMD sell advanced AI chips to China in exchange for giving the U.S. government 15% of revenues, warning it misuses export controls, undermines national security, and weakens America's AI competitiveness.

### [On the Hill - A Recess Review of China Tech Bills in the 119th Congress ]

- Tech decoupling was one of the few bipartisan pillars of China-related legislation during this 119th Congress, and Democrats are unusually well represented in this endeavor. Of the thirty or so substantive tech bills introduced since January, a dozen have blue sponsors—a striking contrast to other China-related categories where Republicans dominate. But for all the activity, the results have been meager. By the August recess, only three House bills had cleared a chamber. All were Republican-sponsored, and all narrowly focused on consumer routers, telecom licensing, and Chinese-made batteries. In a way, this fits the mold of the 119th Congress—symbolism is easy, but delivering real decoupling is much harder when domestic MAGA priorities crowd the agenda. Even more MAGA megabills are expected after the recess.

Still, what Congress has not managed by way of passage it has more than made up for in ambition. The targets are multiplying. First came software: in the wake of China's DeepSeek moment, lawmakers rushed out bans on its use in federal agencies, along with disclosure requirements for any app storing data in China. Then came connected devices: cars, batteries, drones—if it has a chip and moves, it is a national security threat. The evergreen obsession with telecommunications resurfaced, with bills demanding global strategies to root out Chinese gear from cable stations to 5G infrastructure. The cumulative effect is that the net is being cast wider and finer, pulling new technologies into the logic of “critical infrastructure.” Congress' imagination has not stopped there. Alongside efforts to block China's access to dual-use technologies, lawmakers are now in the business of “out-China-ing China”—plowing legislative ink into nurturing immersive tech, patent reform, and “indigenous innovation.” On one hand, making sure Beijing can't access American civilian tech. On the other, frantically legislating America's own version of techno-nationalism. The U.S. is not just walling off; it is sprinting down the same path it once derided as state-led industrial policy.

Taken together, these moves show Congress is no longer content with broad brushstrokes like “ban Huawei” or “divest or ban TikTok.” Oversight is getting granular, sector by sector, chip by chip. The space for U.S.–China technological cooperation is shrinking fast, and with capital decoupling gaining traction and educational exchanges increasingly targeted, tech separation is being locked in as a structural feature of the bilateral relationship. Washington may not be legislating with great precision but it is legislating with great enthusiasm—and the direction is unmistakable. It is one thing to wall off Huawei, it is another to legislate against routers and drone tariffs. Congress seems determined to do both.

#### [Expanded Reading]

- [Trump Warned by Top Senate Democrats to Rethink Advanced AI Chip Sales to China](#), *CNBC*, August 16, 2025
- [Ranking Member Krishnamoorthi Warns That Trump's Reckless Policy on AI Chip Exports Sells Out U.S. Security to Beijing](#), Select Committee on the CCP, August 15, 2025
- [House Committee Outlines Red Lines for 'phase II' China Deal](#), *Politico*, August 14, 2025