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## What's Been Happening

### 1 — New Wave of Tariffs Arrive as Trump Presses for More Deals — 1

#### [In One Sentence]

- On July 31, President Trump signed a new Executive Order to impose modified reciprocal tariffs on nearly 70 countries immediately after the August 1 deadline, with a delay of one week for implementation and exemptions for goods shipped by August 7 and arriving by October 5.
- President Trump announced a 25% tariff on India on July 30, and upped it thereafter on August 6 to 50% to penalize the country for buying Russian oil and making insufficient cuts to its high tariffs on U.S. products.
- President Trump also raised tariffs on Brazil from 10% to 50%, citing a national emergency under the International Emergency Economic Powers Act stemming from the supposed political persecution of his good buddy, ex-Brazilian President Jair Bolsonaro.
- Meanwhile, the United States has imposed a 35% tariff on Canadian goods not covered by the USMCA over concerns including fentanyl smuggling, while Canada rejects these accusations.
- Just days before the August 1 deadline, on July 27, the U.S. and the European Union reached a framework trade agreement capping U.S. tariffs on EU autos, semiconductors, and pharmaceuticals at 15% in exchange for more EU investment and purchases of U.S. energy and defense equipment.
- On July 31, President Trump announced a new trade deal with South Korea under which Korean exports to the U.S. will face a 15% tariff while U.S. goods will enter Korea without tariffs, meanwhile South Korea is to invest \$350 billion in the U.S. and purchase \$100 billion in American energy products.
- While the U.S. and Japan reached a trade deal before the August 1 deadline, its key details remain unclear, with Prime Minister Ishiba saying the deal will be difficult to implement.

#### [Mark the Essentials]

- India's talks with the U.S. stalled over Washington's demand for greater access to India's agricultural markets, which could negatively impact the livelihoods of tens of thousands of smallholders. Trade Minister Piyush Goyal emphasized in parliament that the government prioritizes the welfare of farmers and small businesses.
- Brazilian President Lula has suggested that talks are still possible with the Trump team but rejected political coercion and urged the U.S. to avoid turning bilateral relations into a "lose-lose" situation.

- As Canada prepares to continue its negotiations with the U.S., Trade Minister Dominic LeBlanc acknowledged that a final deal has not yet been reached.
- The U.S.-EU trade deal remains incomplete and contentious. The EU has delayed its retaliation for 6 months to allow more trade negotiations on topics such as steel, aluminum, and copper tariffs and digital policies.
- Some EU officials view the deal with the U.S. as a major setback, although U.S. Commerce Secretary Lutnick defended the agreement and suggested its strategic benefits would soon become clear.
- Despite striking a deal with Washington orally, South Korean officials have confirmed that no written agreement has been signed and many key details - including non-tariff barriers, security matters and foreign exchange policies - remain unsettled.
- Japan included August 1 as the start date for the 15% tariff in its fact sheet, whereas it is undetermined in the U.S. version. Tokyo also rejects the White House's portrayal of a \$550 billion investment as U.S.-directed sovereign wealth fund-type fund, instead describing it as a flexible commitment involving loans and guarantees with shared control and risk-based profit distribution.

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

- The Trump administration's 'reciprocal tariffs' have finally come into effect after a four-month pause - this time though shorn of the market convulsions that followed the announcement of the initial tariffs on Liberation Day (April 2). For added measure, a number of key countries and economic areas have secured framework agreements with the U.S. - if only verbally (as of August 8, only two countries, the United Kingdom and Indonesia, have been able to memorialize their understandings with Washington in the form of an agreed joint statement). Be that as it may, there are discernable patterns evident from the past month of helter-skelter dealmaking.

First countries/regions, with a few standout exceptions, have been grouped according to tariff tiers. Advanced economies (EU, Japan, South Korea) are to face a 15% levy, both in terms of reciprocal as well as sectoral Section 232 tariffs. Taiwan (20%) and the UK (10%) are relative outliers while Switzerland (39%) is the glaring outlier, although its rate will almost certainly be reviewed down. African countries and Latin American countries are to generally pay a 15% tariff, with South Africa (30%) and Brazil (50%) being glaring exceptions. The main ASEAN countries (Indonesia, Vietnam, Thailand, Malaysia, Cambodia) fall into the 19-20% bracket. And South Asian countries (Pakistan, Bangladesh, Sri Lanka) are to face a 20% tariff, with the exception of India (25%, and now raised to 50% for importing Russian oil). A few unfortunate stragglers have been hit the hardest - Algeria and Libya, 30%; Serbia, 35%; Laos and Myanmar, 40%; Syria 41%.

Second, there was no first-mover advantage in negotiating their respective tariff rate. Japan's rate and 'benefits' is no different from South Korea's, even though the former expended vastly more effort in terms of time, energy, resources and flattery in negotiating with Trump; Tokyo, in fact, provided the template that allowed for a quick and hasty U.S.-South Korean deal. Ferdinand Marcos Jr.'s naked cartwheels in the Oval Office to impress Trump won him no advantage over Thailand or Cambodia, who were instead busying themselves with border skirmishes for much of July. Narendra Modi is left counting the costs of his sycophancy; he was an early visitor (February 2025) to the White House and imagined himself to be a Trump whisperer. And many of the "\$%&hole countries" of Africa and the "drug dealers, rapists and criminals"-infested countries of Central America, to quote Trump, came away with lower tariffs without having their leaders even show up in the Oval Office at all.

Third, in addition to their tiered tariff rate and a zero-tariff commitment on U.S. goods, Trump won several investment pledges (some vague, others performative), LNG purchase promises, and (anti-China) supply chain security commitments from advanced economies. Controversial behind-the-border regulatory issues were left unaddressed for another day. For their part, the South and Southeast Asian emerging economies appear to have been shoehorned into eliminating or reducing their tariffs on U.S. goods and cross-border electronic transmissions as well as into drawing up (anti-China) ‘rules of origin’ in principle to strip out Chinese intermediate goods from their U.S.-bound export baskets.

Fourth, from a functional standpoint, three objectives seem to have been key. First, is trade deficit reduction. More than 50% of the U.S.’ total goods deficit in 2024 was with five Asia-Pacific countries - China, Japan, Korea, Taiwan and Vietnam. The reciprocal and sectoral tariffs are intended to remedy this deficit – although with rates tiered to peer competitor levels, plus the U.S.’ yawning budget deficit, Trump is likely to be in for a nasty surprise when the deficits for 2025 and 2026 are released. Cue the firing of the trade statistician. Second, is reshoring manufacturing of industrially salient sectors, given that machinery, electrical equipment, motor vehicle and auto parts, and pharmaceutical products accounted for 75% of the U.S. goods deficit in 2025. Sectoral tariffs and investment commitments are to fulfil this objective – although, once again, with rates tiered to peer competitor levels and investment commitments left deliberately vague, success is uncertain. And third, to lock down the security of supply chains in strategic goods (to be read as eliminating Chinese content from these U.S.-centric chains). In this regard, zero-for-zero product tariffs with peer advanced economies and “facilitative rules of origin” with emerging economies is envisaged.

All in all, countries have more-or-less grudgingly capitulated to President Trump’s demands. So long as Trump’s exacting geoeconomic tariff play does not bleed into the geopolitical arena, and crucially into the U.S.’ defense obligations, allies and partners have focused their attention more towards limiting their market access losses (the important cases of Canada and Mexico are yet to be finalized but given their extreme dependence on the U.S. market, one can expect a thorough capitulation on their part too; the China negotiation is proceeding on a separate track, meantime). It is macroeconomics, markets and consumers ultimately who will determine the political fate of the Liberation Day and sectoral tariffs. The former is already flashing amber; the latter will get there in due time.

### [Expanded Reading]

- [Trump Order Imposes Additional 25% Tariff on Goods from India](#), *Reuters*, August 6, 2025
- [EU to Suspend US Tariff Countermeasures For 6 Months](#), *Reuters*, August 4, 2025
- [Canadian Trade Minister Says “We’re Prepared to Stick Around and Do the Work Needed” after U.S. Imposed 35% Tariff on Goods](#), *CBS*, August 3, 2025
- [Japan PM Says Win-Win Trade Deal With US May Be Hard to Implement](#), *Bloomberg*, August 3, 2025
- [Trump, Carney to Speak in Coming Days. Canadian Official Says](#), *Reuters*, August 3, 2025
- [South Korea Says It Has No Written Pact on US Trade Deal](#), *Reuters*, August 1, 2025
- [India Vows to Protect Farmers as Trump’s 25% Tariff Threat Sparks Opposition Fury](#), *Reuters*, July 31, 2025
- [Trump Announces Trade Agreement with South Korea ahead of August 1 Tariff Deadline](#), *CNN*, July 31, 2025
- [Trump Unveils Sweeping Tariffs in ‘New System of Trade’](#), *ABC News*, July 31, 2025
- [Trump Announces 25% Tariff on India Starting Aug. 1](#), *Associated Press*, July 31, 2025
- [President Lula Hits Back as Trump Tariffs Threaten US-Brazil Trade Showdown](#), *The Guardian*, July 30, 2025

- [Lutnick: 'Plenty of Horse-Trading Left to Do' With EU on Trade Deal](#), *The Hill*, July 30, 2025
- [Trump Signs Order to Justify 50% Tariffs on Brazil](#), *Associated Press*, July 30, 2025
- [Japan Expects Only 1% to 2% of \\$550 Billion U.S. Fund to Be Investment](#), *The Japan Times*, July 28, 2025
- [US and EU Avert Trade War with 15% Tariff Deal](#), *Reuters*, July 28, 2025

## 2 — U.S.-China Trade Parley Continues While Competing Visions of AI Loom —

### 2

#### [In One Sentence]

- On July 29, after two days of talks in Stockholm, both the U.S. and China agreed to work toward extending the August 12 deadline for new tariffs with the U.S. side leaving the final decision to President Trump.
- The U.S. is pressing for free flow of rare earths from China while Beijing is demanding more relaxation of tariffs, especially fentanyl-linked tariffs, after the Trump administration allowed Nvidia to sell its H20 chip to China.
- Nvidia has reportedly placed orders for 300,000 H20 AI chipsets with TSMC, days after the Trump administration allowed the tech giant to resume sales to China.
- Amid criticism from the Hill, Commerce Secretary Howard Lutnick defended the H20 chip sale, arguing that Chinese companies are only getting Nvidia's "fourth best" chips and the strategy is to get Chinese companies "addicted" to American technology.
- China's internet regulator, the Cyberspace Administration of China, held a meeting with Nvidia representatives on July 31 over concerns of backdoor risks in its H20 chips; the tech giant denied the presence of any hidden controls.
- On July 23, US President Donald Trump released "America's AI Action Plan," advocating to cut regulations for AI data centers and promoting the adoption of US-made AI technologies across the world.
- Shortly after releasing the AI Action Plan, Trump signed three Executive Orders to accelerate federal permitting of Data Center Infrastructure, export of US AI technology, and removing ideological bias from AI models.
- On July 26, China presented its own version of the AI future, issuing a 13-point AI Global Governance Action plan and calling for an international organization to coordinate and regulate AI technology.
- Chinese Premier Li Qiang, while speaking at the annual World Artificial Intelligence Conference in Shanghai, warned that AI development risked becoming an "exclusive game" of a few countries.

#### [Mark the Essentials]

- Following the Stockholm meeting, Treasury Secretary Scott Bessent characterized the talks as "very fulsome" and asserted that "Washington has the makings of a deal" with China while Chinese Vice Premier He Lifeng called for "stable, healthy and sustainable" bilateral ties.
- As both sides move towards an interim arrangement, trade decoupling continues with President Trump signing an Executive Order on July 30 ending the *de minimus* exemption for lower cost goods, and expanding the measure from China-sourced goods to the rest of the world.

- China also has reportedly ended tariff exclusions on American agricultural products, a mechanism set up in 2020 to allow importers to apply for waivers for certain products like grains, tree nuts, alcohol, leather, and fruits.
- The 28-page Trump administration AI Action Plan and Executive Orders have proposed more than 100 recommendations, which focus on permitting reforms, deregulation, building energy infrastructure, and exporting American technology to the rest of the world.
- The Executive Orders also incentivize the building of data centers, offering the use of federally owned land and financial incentives such as grants, tax breaks and offtake agreements, and provide a blueprint for public-private partnerships.
- The Plan directs the establishment of an American AI Export Program within 90 days to support deployment of US “full-stack” export packages to the rest of the world.
- The Plan also supports open-source and open-weight AI models that it argues could become “global standards in some areas of business and in academic research worldwide.”
- Michael Kratsios, the Director of the White House Office of Science and Technology Policy defended the AI export program, saying that high-end chips would still “not be allowed into China.”
- In contrast to the U.S.’s solo approach, Chinese Premier Li Qiang announced the creation of a Shanghai-based organization for AI cooperation and two new UN dialogue mechanisms to regulate AI at the World Artificial Intelligence Conference. The plan advocates active participation and collaboration of all stakeholders, advancing AI empowerment across industries and promoting AI safety governance.
- On July 31, the Chinese Premier also chaired a State Council meeting to approve an “AI plus” initiative, a blueprint for integrating AI into multiple domestic industry sectors to boost productivity.

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

- ‘Rip and replace’ has taken on a whole new meaning in the second Trump administration. During the first term, ‘rip and replace’ was the term colloquially used by administration appointees dispatched to foreign capitals to make the case for stripping Huawei gear out of their telecommunications systems. Current Office of S&T Policy (OSTP) head Michael Kratsios was one of the key taskmasters in this regard. Fast forward to the second administration and the focus of ‘rip and replace’ is more homebound – as in, ripping-up and replacing the previous Biden administration’s executive orders, policies and incipient regulations on AI. On his very first day in office, President Trump tore up Biden’s overarching AI Executive Order of October 2023. And in late July, Trump signed a trio of Executive Orders – the first, preventing U.S. government procurement of ideologically based AI models; the second, providing resources for the rapid construction of data centers and power systems; and the third, promoting the export of the full-stack of American AI technology packages - that firmly stamp a very different administration approach to the rollout, regulation and diffusion of AI. Just as importantly, on the very same day, Mr. Kratsios’ office released a three-pillar AI Action Plan, which aims to ensure that the U.S. (a) leads on AI innovation, (b) that the supporting infrastructure to power all the critical inference and training is built in the U.S. on scheduled timelines, and (c) that the U.S.’ AI headstart is smartly exported so that the world essentially runs on the American AI stack. On this final point, the plan is to customize AI packages (chips, clouds, models, applications) to the specifics of individual countries and offer financing to acquire and deploy this full stack of American AI technologies. In this second term, Michael Kratsios is to essentially be the AI stack

salesman of the United States – using development financing to build up the AI capabilities of foreign states rather than use development financing as a hook to incentivize the tearing down of (Huawei) telecommunications infrastructure of foreign states. Meanwhile, across the Pacific, China was hosting its own World Artificial Intelligence Conference (WAIC) 2025 in Shanghai, featuring 12 Nobel and A.M Turing Award laureates as well as 80 research institutions. Competing visions of global AI development appear to be underway.

The Trump administration's AI Action Plan has been greeted with deserved praise. Comprehensive thinking has clearly gone into the plan – even if the assessment of risks, harms and IP losses accruing from the technology are somewhat downplayed. The policy strategy is no longer to just outcompete Chinese AI by *outcomputing* it in terms of AI hardware and software, but to also develop general purpose applications, ideally open-source, that could have widespread practical uses. Neither has been an American strength of late, with U.S. companies fixated on developing ever-more higher intelligent (and commercially lucrative) models while positioning open alternatives as entry-level products. The proposed American AI Exports Program, a proposed one-stop shopping model that bundles AI-optimized hardware (chips and servers), data center storage, cloud services and networking, data pipelines and labeling systems, AI models and programs, cybersecurity systems, and AI-specific use applications, all backed by an attractive financing package, is imaginative to say the least. Whether this imagination extends to supporting regional training data, funding inclusive language models, and investing in local talent pipelines overseas, rather than just slapping on a standardized American product, remains to be seen. And on the trans-Pacific competition front, the administration's goal is not so much as to suppress Chinese AI by holding it down through draconian export controls but to outperform it rather by making the American AI standard the *de facto* global standard, and attempting to hook Chinese AI in part thereafter to second and third-tier U.S. hardware and technologies (China's leaders, of course, have different ideas on recreating a new dependency on a U.S. core technology).

Lastly, the underlying ironies of the AI Action Plan must be noted. An administration that has gutted the S&T higher bureaucracy is now depending on that very bureaucracy to set gold standard AI standards. An administration that has cruelly cut aid budgets is now tripping over itself to fund overseas purchase of the American AI stack. An administration that has routinely violated international law and exited multilateral institutions and agreements is looking to leverage the U.S. position in international diplomatic and standard-setting bodies to vigorously advocate for U.S.-led international AI governance. Be that as it may, the AI Action Plan is a good start. Credit where credit is due.

### [Expanded Reading]

- [State Council Approves "AI Plus" Initiative to Boost Industry Adoption](#), *Trivium China*, August 4, 2025
- [Greer Says US-China Talks 'About Halfway There' on Rare Earths](#), *Bloomberg*, August 3, 2025
- [Bessent Says US Has 'Makings of A Deal' with China](#), *Reuters*, August 1, 2025
- [Nvidia Says Its Chips Have No 'Backdoors' after China Flags H20 Security Concerns](#), *Reuters*, July 31, 2025
- [Trump Signs Order Ending Global Tariff Exemption For Low-Cost Goods](#), *BBC*, July 31, 2025
- [Exclusive: Nvidia Orders 300,000 H20 Chips from TSMC Due to Robust China Demand](#), *Sources Say*, *Reuters*, July 28, 2025
- [China Pitches Global AI Governance Group as the US Goes It Alone](#), *CNN*, July 28, 2025

- [Nvidia CEO Says Trump's AI Plan Will 'Fundamentally Change' US' Position in Years to Come](#), *Fox News*, July 24, 2025
- [Trade Alert - China Suspends Section 301 Tariff Exclusion for US Agricultural Products](#), US Department of Agriculture, July 22, 2025
- [Global AI Governance Action Plan, Ministry of Foreign Affairs, People's Republic of China](#), July 26, 2025
- [Trump Signs AI Orders, Vows US Will Win Race Over New Technology](#), *Bloomberg*, July 23, 2025
- [Commerce Secretary Lutnick Says China is Only Getting Nvidia's '4th Best' AI Chip](#), *CNBC*, July 15, 2025

## On the Hill



### [Legislative Developments]

- Senate Democrats led by Rep. Meeks (D-NY) have introduced privileged legislation to force a vote against President Trump's 50% tariffs on Brazil, criticizing the tariff as politically motivated, harmful to U.S. consumers, and an abuse of emergency trade powers.
- Rep. Ronny Jackson (R-TX) reintroduced a bipartisan bill to increase transparency in U.S. export control licensing, aiming to ensure that Congress prevent sensitive technologies from reaching adversarial nations like China, which was passed in the Senate.

### [Hearings and Statements]

- On July 29, the Senate approved the nomination of William Kimmitt to serve as the Under Secretary of Commerce for International Trade. He had been an adviser at the Commerce Department while awaiting confirmation and served in the U.S. Trade Representative office during the first Trump administration.
- On July 28, a group of House Democrats and 20 former officials separately wrote letters to Commerce Secretary Howard Lutnick, opposing the sale of Nvidia's H20 chips to China, calling the move a "strategic misstep."
- House member Raja Krishnamoorthi (D-IL) has written to Secretary of State Marco Rubio and Under Secretary of Commerce for Industry and Security Jeffery Kessler, demanding stronger action to confront China's "weaponization of global critical mineral supply chains."
- Four U.S. senators - three Democrats and one Republican - announced on July 21 that Canadian Prime Minister Mark Carney pledged to pursue a formal repeal of Canada's controversial digital services tax after Canada paused the tax as a gesture of goodwill during ongoing trade negotiations with the Trump administration.
- Senate Finance Committee member Chuck Grassley (R-IA) has urged the Trump administration for "some certainty" in U.S. trade deals, saying he has spoken with the administration about tariffs imposed under "the 1977 laws."
- A coalition of 18 Republican senators have called on the Commerce Department to name a chief intellectual property negotiator and assign a dedicated official to oversee pharmaceutical negotiations with foreign nations, and called for the elimination of "foreign price controls" on pharmaceuticals.

### [Expanded Reading]

- [Meeks to Introduce Resolution Terminating Brazil Tariffs](#), U.S. House of Representatives Foreign Affairs Committee, July 31, 2025
- [Senate Approves Trump's Pick for Top Commerce Trade Position](#), *Politico*, July 29, 2025
- [Democrats Blast Lutnick for Reversal on China, Semiconductors](#), *The Hill*, July 28, 2025
- [Shaheen and Kaine Lead Colleagues in Urging Trump to End Threats of Tariffs on Brazil](#), Senate Foreign Relations Committee, July 25, 2025
- [Ranking Member Krishnamoorthi Presses Trump Administration on Use of Critical Minerals By CCP As Economic Coercion](#), Select Committee on the CCP, July 24, 2025

- [Grassley Pressing Administration for 'Some Certainty' on Trade Policy](#), *Inside Trade*, July 23, 2025
- [Rep. Ronny Jackson Celebrates Senate Passage of Export Transparency Bill](#), Ronny Jackson, July 23, 2025
- [Bipartisan Delegation Urges De-Escalation of US-Canada Trade Conflict In Meeting with Canadian Prime Minister Carney](#), United States Senate Committee on Finance, July 21, 2025
- [Budd Joins Young, Colleagues to Urge End to Foreign Free-Riding Burdening American Patients and Calls for IP Negotiator Appointment](#), Sen. Ted Budd Office (R-NC), July 22, 2025