

# Policy Note



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## Key Takeaways: The US-China Trade & Economic Framework (2025)

- 1

**Limited time-frame**  
Most provisions suspended for one year only
- 2

**More tactical than strategic**  
The short-term cease fire “buys time” for each side to strengthen vulnerabilities; improves diplomatic climate
- 3

**More transactional than transformative**  
Reciprocal concessions to limit near-term damage (i.e., lower tariffs for rare earths)
- 4

**“Tech wars” remain the epicenter of US-China risk**  
Equipment, software, AI microchips, rare earths, other advanced technologies and more expansive use of restricted lists (i.e., US “50% rule”)
- 5

**Targeted, but important, tech sector relief**  
US suspension of the recent “50% rule” export restrictions for one year; China will terminate investigations of US semiconductor companies; US will relax some restrictions on older/ legacy / custom AI chips
- 6

**Notable areas without progress**  
Advance AI chip restrictions; TikTok; Russia-Ukraine & Taiwan
- 7

**Stabilization of global supply chains**  
Especially involving rare earths, semiconductors and auto sector (i.e., Nexperia chip flows)
- 8

**Agriculture sector damage**  
Despite modest China soybean purchase commitments, a sizable (\$30 - 60bn) US farmer bail-out bill is still expected from the US Congress in the months ahead
- 9

**Modest inflation relief**  
The 10% reduction in US tariffs from 57% to 47% offers modest relief to the US inflation outlook
- 10

**No notable enforcement mechanism**  
Limited notification requirements; annual review clause; reciprocal suspension rights; no escalation or dispute panels; thereby heavily reliant on ongoing bilateral dialogue than legal enforcement provisions
- 11

**China’s leverage > US leverage**  
Rare earths are a unique US vulnerability; China’s political leadership less sensitive to markets; China’s GDP and export growth have improved through the trade war, while the US economy has decelerated
- 12

**Managed decoupling and geopolitical rivalry persists**  
The underlying competitive and confrontational policy positions between the US & China across trade, technology and geopolitical power will intensify from here

## Review of Oct 2025 US-China Agreement

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| <div></div> <div><b>Tariffs:</b><ul style="list-style-type: none"><li>Reduced Fentanyl tariffs from 20% to 10%</li><li>Reduces total tariffs from 57% to 47%</li><li>Threatened 100% tariffs eliminated</li></ul></div> <div><b>Export controls on critical technology:</b><ul style="list-style-type: none"><li>Suspended the recent “50% rule” export restrictions for one year</li></ul></div> <div><b>Port levies:</b><ul style="list-style-type: none"><li>Suspended one year</li></ul></div> <div><b>Sec 301 Shipping levies:</b><ul style="list-style-type: none"><li>Suspended one year</li></ul></div> | <div></div> <div><b>Rare Earths:</b><ul style="list-style-type: none"><li>New export controls suspended</li></ul></div> <div><b>Agriculture purchases resumed:</b><ul style="list-style-type: none"><li>Soybeans, sorghum and other</li><li>Specified volume &amp; time schedule</li></ul></div> <div><b>Port levies:</b><ul style="list-style-type: none"><li>Suspended one year</li></ul></div> <div><b>Fentanyl flows:</b><ul style="list-style-type: none"><li>Commitment to tighter restrictions</li></ul></div> <div><b>US energy purchases:</b><ul style="list-style-type: none"><li>Yes, oil &amp; gas</li><li>Volume &amp; time schedule <u>not</u> specified</li></ul></div> |
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Selected areas without notable progress: AI chip restrictions, TikTok, Russia-Ukraine, Taiwan