Vital Briefing—Tariff Insights

Extension of China tariff truce agreed ahead of Xi, Trump summit

By Thomas Thompson

Ahead of President Donald Trump and Chinese President Xi Jinping's summit meeting Thursday, Treasury Secretary Scott Bessent told Fox News that the U.S. and China had agreed to extend their current trade war truce for two months. The truce had been scheduled to expire on November 10 after being in effect for a year.

Under the truce, the U.S. committed not to raise most tariffs on Chinese imports. China agreed to loosen some measures it had taken to restrict the export of rare earth metals to Western economies.

The secretary said that the extension of the truce provides time for the two countries to work on a larger trade deal.

Board of trade. Plans for a "board of trade" between the U.S. and China are expected to take shape this week.

The board is intended to provide a mechanism for resolving administrative trade issues and to facilitate lowering tariffs on non-critical goods.

The U.S.-China Board of Trade was discussed by Trump and Xi at their Beijing summit meeting in May. A fact sheet issued by the White House at the time stated, "As the cornerstone of this historic agreement, President Trump and President Xi chartered two new institutions to optimize the bilateral economic relationship: the U.S.-China Board of Trade and the U.S.-China Board of Investment."

Little progress has been made on the investment board since May, according to an ABC News report on Monday.

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Groundwork. Chinese Foreign Minister Wang Yi talked about the trade organization at a May briefing, stating, "The two teams are in consultation over the details. They will lock in the outcomes expeditiously and work together to ensure their execution."

In early June, the Office of the U.S. Trade Representative asked for public comment "to inform the development of negotiations with China aimed at optimizing bilateral trade in non-sensitive products in order to promote reciprocity and balance in the U.S.-China trade relationship." In addition to identifying products for tariff relief "by both sides," the USTR asked for input on designing "a U.S.-China Board of Trade - to manage bilateral trade optimization."

Reciprocal reductions in tariff levels on $30 billion worth of imports on both sides were said to be under discussion. Such tariff reductions might predate operations of the board of trade.

The USTR release afforded little insight into the government's concept for how it sees the board operating, saying only, "Specifically, under this approach, each side would identify non-sensitive products and come to agreement to modify certain non-MFN (most-favored-nation) tariffs imposed by the other side."

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Korean hiccup. On Tuesday, September 22, Chung Chin-ook, a South Korean lawmaker who had been briefed by the government's industry minister on the matter, confirmed Seoul has selected a gas-fired power plant project. It will be the first project under a $350 billion U.S. investment pact first agreed in July 2025.

According to reports last week from Seoul, officials of the South Korea government had expected Trump to announce details of at least three projects to receive funds committed as part of the $350 billion investment package.

Investment commitments made by other U.S. trading partners as parts of tariff deals with Trump last year have been slow to materialize.

The Texas gas-fired power plant project is valued at more than $20 billion and would supply electricity to AI data centers and chip factories. The Trump administration has not made an announcement about the investment.

Chung said his government is discussing two other projects that are moving ahead despite profitability concerns and criticism from Trump over the pace of implementation. The two projects include a joint development of eight nuclear reactors in the U.S. and a natural gas liquification facility in Alaska.

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On Friday, South Korea President Lee Jae Myung indicated that the expected investment agreement had foundered as negotiators moved from broad agreement to the details of individual projects. The South Korean president told reporters on Friday his country wanted to ensure that the U.S. investment projects are "commercially reasonable."

Tariff voters. A Cato Institute/Morning Consult survey of more than 4,000 registered voters reveals a high level of awareness of current tariff policy as well as dissatisfaction with it. The results were released September 17. Three-fourths of the surveyed voters said tariffs will be important to their vote in this November's midterm elections.

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Of survey participants for whom tariffs are important to their vote this November, 55 percent said they plan to vote for the Democratic congressional candidate. Thirty-six percent plan to vote for the Republican candidate.

The survey's results were echoed by a POLITICO Poll showing 56 percent of Americans think that Trump was "wrong to impose tariffs" on trade with Canada. The poll was conducted by Public First, a London-based polling firm, during the second week of September.

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