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U.S. Eases Tech Export Rules to Boost China Trade Negotiations

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The U.S. government has paused certain export controls targeting China, a strategic move aimed at fostering progress in ongoing trade talks and paving the way for a potential meeting between President Trump and Chinese President Xi Jinping. The decision marks a shift in Washington's approach to managing its economic relationship with Beijing, emphasizing diplomacy over restriction.

According to reports from senior U.S. officials, the Department of Commerce has instructed its Bureau of Industry and Security (BIS) to hold off on introducing new export restrictions related to advanced technologies. This pause has already impacted the application of prior limitations, including the suspension of an April rule that blocked the export of Nvidia's H20 artificial intelligence (AI) chips to Chinese firms. The change allows American companies to resume certain sales under updated guidelines.

High-level trade negotiators from both countries are expected to meet in Stockholm in the coming days to advance discussions on critical supply chain issues, particularly regarding rare earth minerals and magnets, materials essential to defense, electronics, and clean energy sectors.

While the pause is welcomed by parts of the business community seeking market stability, it has drawn sharp criticism from national security experts. A coalition of twenty former U.S. officials, including former Deputy National Security Adviser Matt Pottinger, sent a letter to Commerce Secretary Howard Lutnick warning that this move could compromise national interests. The letter cautioned that relaxing restrictions undermines efforts to curb China's access to military-relevant technologies, especially in the AI and aerospace domains.

This policy shift follows a temporary U.S.–China agreement in Geneva reached in May, which suspended reciprocal tariffs for 90 days and eased constraints on rare earth exports. The deal reduced tariffs on key goods, lowering U.S. tariffs from approximately 145% to 30% and China's tariffs on American imports to around 10%.

Treasury Secretary Scott Bessent commented that U.S.–China trade relations are currently “in a very good place” and indicated that talks to extend the tariff truce beyond the August 12 deadline are ongoing. He emphasized that licensing for sensitive exports would proceed in a “balanced and responsible manner.”

Critics, however, argue that these measures risk handing strategic advantages to Beijing without securing meaningful concessions. While the pause may help stabilize short-term trade flows, questions remain about whether this approach will ultimately strengthen or erode U.S. leverage in the long term.