



The Daily Dish

Trump Trade Talks

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As has been widely reported, the president was busy on the trade front during his Asian tour. AAF's Jacob Jensen summarizes the progress in the most [recent issue](#) of the Shipment:

President Trump announced trade deals with Vietnam, Japan, South Korea, Cambodia, Thailand, and Malaysia, providing long-awaited details on the [White House website](#). These deals were a mix of formalizing past handshake agreements, announcing new partnerships on rare earths, and expanding market access for U.S. companies. While there is much to be said about the deals, all eyes were on today's U.S.-China trade talks, as this represents the most consequential trade relationship in the world.

And where do those China talks stand?

...the United States will [reduce](#) the fentanyl-related tariff on China from 20-10 percent, abandon the threatened 100-percent tariff on Chinese goods, and the [Section 301](#) investigation into Chinese shipbuilding will be postponed, preventing any additional U.S. tariffs. In return, China has agreed to a one-year pause on rare earth export controls, purchase 12 million metric tons of U.S. soybeans by January and a minimum of 25 million metric tons annually for the next three years, and cooperate more with U.S. efforts to stop the flow of fentanyl precursor chemicals.

Ok, let's think about this. The U.S. will have a 10-percent tariff on China and will purchase rare earths from China. China will purchase soybeans from the United States. From the perspective of overall progress, all that has happened since January is a 10-percent tax on U.S. buyers of China's goods. That hardly represents important progress.

Similarly, the other agreements generally retain tariffs well above the levels of recent

history. In some cases, there are important steps forward in market access, trade relations, or strategic influence. But all of these deals have the same Achilles heel: They are executive agreements not ratified by the legislative bodies in each country and, therefore, do not have the force of law.

That does not mean the tariffs and related trade measures are destined to quickly disappear. Protectionism has staying powers - notice that the Biden Administration did not unwind Trump's first-term tariffs - because the protected will lobby to retain their market advantage. This is the worst of all worlds. The United States will suffer losses from the interference in trade patterns from deals held together by political favors - or even outright corruption - on the home front, but with no ability to use ratified trade deals to pursue remedies for misconduct by the trade partners.