Peterson Institute for International Economics

US-China trade update: Imports, exports, fentanyl flows, and beyond

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[00:05:30.32] - Chad P. Bown

Hello everybody. Good morning and welcome back to the Peterson Institute for International Economics. My name is Chad Bowne. I'm the Reginald Jones Senior Fellow here at the Institute, and we are very excited to host this morning's event on US-China trade. Presidents Donald Trump and Xi Jinping are on track to meet next week in Beijing. Obviously, a lot has taken place between the United States and China over the last year. Over the last 8 years and really over the last 25 years. And we here at the Peterson Institute have documented a lot of it, nearly all of it, and much of that in near real time. We are a place that cares about facts and data. We think it's incredibly important for evidence-based policymaking. Some of this work of late has been supported by True North, for which we are very, very grateful. Today, my colleagues and I are going to provide an update on U.S.-China trade, including imports, exports, fentanyl flows, and beyond, in light of next week's upcoming meeting. I will kick us off with a detailed examination of the U.S.-China import and export data through March 2026, as well as some thoughts on the potential US-China Board of Trade.

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Then I will turn to Markus Noland, the Institute's Executive Vice President and Director of Studies, who will cover the role that tariffs and diplomacy have had in affecting the epidemic of fentanyl overdoses in the United States, a first-order public health concern. Next will be Mary Lovely, the Institute's Anthony M. Solomon Senior Fellow, who will discuss the role of connector countries in US-China trade decoupling and preview how the trade war is moving on to new fronts. And then we will conclude with Martin Chorzempa, the Institute's Dennis Weatherstone Senior Fellow, who will cover the stalemate over technology and whether to expect any breakthroughs at next week's summit. Then we will open it up to audience Q&A. So audience, come up with the Q so we can come up with the A. Okay. And with that, I will turn it over to me. All right. So we now have US trade data available through March of 2026. This dropped yesterday. Our friends at Census made this publicly available. March is the first month of— so what we're going to do is look at two sets of data, US imports from China and US exports to China. We'll start with US imports from China.

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And this is going to provide an update to a piece I published back in March. OK, so March 2026. Is the first full month of data that we have following the February 20th Supreme Court decision that struck down the 2025 IEPA tariffs. That day, February 20th, the US administration removed those IEPA tariffs, the ones that had been imposed on China for fentanyl, the ones that had imposed— imposed in April on China and everyone around the world, uh, the— under the Liberation Day IEPA action. And the administration— so they removed all of those and replaced them with 10% across-the-board tariffs under Section 122 of the Trade Act of 1974. Given the expectation that more tariffs are likely coming, and the administration has been very explicit about this, this is under the Section 301 investigations that they began shortly thereafter. And there's hearings ongoing this week about those Section 301. But don't watch them, watch us. But there are simultaneously ongoing hearings for the Section 301 investigations. The question becomes, what are we seeing in terms of imports, right? Last year, when the threat of tariffs arose, we saw a massive increase, front-running of imports, as American importers really tried to get their goods across the border before those tariffs were going to go on.

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So what do we see in the March data so far? And the answer is you can see a little bit, but not much, right? Overall, yes, there was an uptick in imports in March compared to February, January. But it's a little too early to say that this is a major front-running episode in anticipation of higher tariffs. Obviously, it's just one data point. And we see a slight uptick in the red line there, which is China for March. But it's still too early to say. Okay, so that's not what we're seeing yet. What are we seeing in the US imports from China data so far? I want to make 3 main points. Um, the first is overall imports from China have continued to decline. This is despite the truce that Presidents Trump and Xi struck in October. That removed some of the US tariffs and obviously the Supreme Court decision. Right. US imports from China are continuing to fall. In the first 3 months of 2026, in fact. So year to date this year, only 7.5% of US goods imports were from China before the first trade war started back in 2017, 2018, 22%. of US goods imports were coming from China, right?

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In that short 8-year period, we've gone from 22% to 7.5%. Shocking. The US imports today more from Taiwan— over 8% of its imports, an economy of 23 million people— than China, who has a population of 1.4 billion people. Even Vietnam is close to catching China with nearly 7%. With nearly a 7% share of US imports. So things are changing. My second point examines where that's coming from. What products and what countries are we seeing these shifts happening, especially the decline in imports from China? Well, one way to look at this is if we go back to the first trade war of 2018 and 2019 and we put products into 3 buckets. Whether you were hit with a 25% tariff, whether you were hit with originally a 15% tariff that was cut to 7.5%, or you were hit with no tariff at all. And if you remember back then, a full third of what the United States imported from China at the time was never hit with any tariffs whatsoever. Well, this time around in 2025, those were the products when they were hit with the 20% IEPA fentanyl tariffs in February and March of last year.

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Those products show the sharpest decline. That's the big blue line there. What are some examples of those products? Well, smartphones is probably the most famous one. We all know the story of the iPhone in China. It was exempted from US tariffs in 2018, 2019 in the first trade war. Nevertheless, at the time, Apple was already building out a second assembly supply chain in India sort of hedging its bets that something like this, tariffs on China, even for smartphones, might someday come along. And so when they did finally come along in February and March of last year, they quickly pivoted. And you can see the pink chart on the right. Now we're importing a lot of our smartphones into the United States from India. 40% or so of the smartphones that we imported over the course of '25 are from India. Laptops and computer monitors are another example. Similar kind of story. No tariffs in the first trade war, suddenly hit with 20% tariffs on China in early 2025. The big multinationals that manufacture these things— so again, think of Apple, Dell, companies like that— shift their supply chains and are now sourcing those things largely from countries like Vietnam.

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In Vietnam, that's what you tend to see. A lot of the sourcing that has been shifting for products like consumer electronics, Also some clothing, footwear. A lot of that stuff is what's shifting toward the Vietnams. So that's the second story, the sorts of products and countries to whom those are shifting. The third is really not about tariffs, but it was about China's response to the tariffs in the form of the export restrictions. So the major story of 2025, and it's going to be on the agenda hopefully next week, are things like rare earths and permanent magnets, right? In response to all of the administration's tariffs, China suddenly prevented exports to the world of rare earths and permanent magnets in April, May of 2025. None of us knew what those things were at the time, or most didn't. But it turns out they're an essential input for lots of things, consumer electronics amongst them, defense, of course, but also for the automotive supply chain. They're the things that make your car go back, the car seat go backward and forward, the window go up and down, the mirrors work, the windshield wipers go like this. And without these permanent magnets, you basically have to shut down automobile production.

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Where do we get those from? That's the right hand, or that's the bottom chart there. Even permanent magnets, we all know the story about rare earths, but permanent magnets are similar. We're mostly sourcing these from China. They have market dominance, market concentration. They were able to weaponize that. A similar sort of story happened later in the year when the administration rolled out some new export controls covering the subsidiaries of companies that were already on the entity list. Partially in response to that, the Chinese government decided to shut down exports of mature node semiconductors from a company called Nexperia. And you had to really, really, really be in the weeds of the data. And you can't see it. If you're squinting at this data here, looking for it, you can't see it in this data that I put up there, to be able to see that, wow, the United States, not only the United States, but it turned out the same automakers all over the world were incredibly dependent on this one Chinese company for these old semiconductors, mature node semiconductors to go into auto parts that go into their vehicles, the same kinds of things.

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It almost again shut down automotive suppliers. And was part of the conversation in October, in the truth. So the big question that comes up then is, OK, Ambassador Jameson Grier, the US Trade Representative, has talked over the last 6 weeks or so about a potential managed trade agreement between the United States and China over nonsensitive products. How are we going to define those? What is a sensitive product? What is a nonsensitive product? These seem like probably sensitive products. But they are things that arguably should be talked about. All right, so that's US imports. Now, let me quickly run through the most recent US exports to China data. And similarly, just like US imports from China dropped off in 2025 and continued to do so in 2026, we're seeing the same thing for US exports. Okay. True to form, if you look at the March data, there was a slight uptick in March from January, February. But there is typically an uptick in March that's likely seasonal. So it's really too early to say how much of that was more than just a seasonality concern. So that's the first point. Again, I'm going to make 3 points.

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First point is massive decline in US exports to China of goods beginning with the second trade war. Second point is, where is it coming from, right? Well, it is coming from manufacturing. We saw manufacturing be devastated in the first trade war of 2018, 2019, came back slightly, but has suffered again in 2025. What products within manufacturing? Well, the good news is Boeing aircraft have resumed deliveries to China of airplanes. So that is a positive story after a couple of years, right? The negative is just about everything else, right? So the automotive supply chain, again, we used to ex— before the first trade war, we used to export a fair amount of vehicles to China. Those disappeared with the tariffs of 2018, 2019. Suddenly became too expensive to manufacture in the United States because of steel, aluminum tariffs, and China's retaliatory tariffs. So companies like Tesla accelerated their production facilities in China. This is the Shanghai Gigafactory suddenly popped up. And now they're servicing China and many countries around the world from their facilities in China. Semiconductor manufacturing equipment. Right? The spike that you see there in 2021, some of that was a massive Chinese demand over concerns with US export controls, hoarding equipment that they feared that they would be cut off from.

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Well, we've seen a significant decline since then. Part of that is they probably have stockpiled lots of equipment. But when you look at the data, they're also importing a lot of this equipment now from Malaysia and Singapore. And what's happening in Malaysia and Singapore? Well, a lot of the American companies that used to sell from the United States, so KLA, Lamb, Applied Materials. They have been expanding their production facilities in Singapore, Malaysia, South Asia— Singapore and Malaysia, so other countries in South Asia— to export around the world, including to China, right? That's not a tariff-jumping foreign direct investment story like the Shanghai Gigafactory of Tesla, right? But it's kind of related. If it's now being more difficult, perhaps because of US-China tensions, to be able to ship stuff out of the United States, and China is an important market for you, subject to satisfying export controls— and I'm not saying that they're not satisfying export controls— but you're going to do these kinds of things to kind of get around these trade barriers.

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OK?

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Third point is agriculture. And yes, agriculture was devastated in 2025. US exports of soybeans. But it wasn't just soybeans, right? Soybeans fell by $9 billion or so. But it wasn't just soybeans. It was essentially every agricultural product— cotton, beef, corn, wheat, pork are the ones I put up there. So far in 2026, right, recall at that meeting in October of last year, President Trump said he got President Xi to agree to buy a lot more American soybeans. You can see a small increase, right, slight tick up, but not nearly of the magnitudes that American soybean farmers are hoping for or expecting, right? OK, so agriculture also not good. We've got energy. That, too, has fallen off the map. But there's plenty of energy demand around the world for US exports. So even if China is not buying it, other countries will. To conclude, We have been told that there may be a deliverable coming out of next week's meeting between Presidents Trump and Xi about a managed trade sort of arrangement, this board of trade. So I have 3 questions about what that might mean that hopefully they're thinking about. The first is, again, as I said before, where do you draw the line between sensitive and non-sensitive products?

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And what are the criteria that you are using to define those? Second, What's this management going to look like? Is it going to manage US exports to China? So is this similar to the Phase 1 agreement that we saw in the first Trump administration? If so, how are we going to get this one to work better, differently than the first one, which really, really was not effective? Part of the problem with that first one was China kept all of its tariffs in place, most all of its tariffs in place that it had chosen to retaliate with in 2018, 2019. So the private sector in China didn't see signals that they should go start resuming relationships with American suppliers. That suggests you need to have a lot of government-to-government interaction then if you're going to ensure that those sales are somehow established and followed through on. How is that going to take place in a way that's different from the first time? And then lastly, how to manage US imports from China if that's part of the deal too. Is it going to be adjustments to tariffs? Is the administration open to lowering some of the tariffs, maybe on some of these nonsensitive products?

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Or are they thinking about potentially other instruments, quotas, tariff rate quotas, maybe getting China to accept voluntary export restraints for how much it sells to the US market? In any case, more questions than answers at this stage, but we're looking forward to the meeting next week. And to conclude, we will also look forward to seeing you in a couple of weeks for— My book launch, How to Win a Trade War. Please come back both online and in person on May 20th here at the Institute. Thank you.

[00:22:54.15] - Marcus Noland

Well, I don't have a book to sell, but I am honored to be here this morning. This presentation that I'm going to make is based on a broader essay on potential US-China cooperation in public health, co-authored by Warwick McKibbin, with Warwick McKibbin, in the briefing. Fentanyl is a synthetic opioid. It is 50 times stronger than heroin. It is 100 times stronger than morphine. Its abuse is a first-order public health crisis in the United States. Drug overdoses, the bulk of which have been associated with fentanyl, were the leading cause of death among Americans 15 to 44, exceeding heart disease, cancer, suicide, and vehicular accidents in 2023. At its peak, fentanyl-related deaths annually exceeded the entire level of US casualty— or the level of US casualties for the entire Vietnam War. So this— these are big numbers. It is evident in the chart that the pattern of decline calls into question the role of tariffs imposed by the Trump administration. Frankly, we do not have a very good grasp of what causes drug epidemics to build and then recede. When I first moved to Washington, the city was in the grip of of a crack cocaine epidemic, and crack users used to congregate in a small park near this building.

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You don't see that anymore. Among the possible reasons that fentanyl-related deaths are declining is that the drug has basically killed off its user base. It is— here in D.C., fentanyl has completely crowded out heroin, and a lot of those longtime heroin users are now dead.. It could be that interventions such as Narcan have reduced overdose mortality. It could be that interdiction has improved. It could be that diplomatic initiatives have helped choke off supply. But the key point of this chart, and the one that you— I want you to keep in mind, because it's fundamental to the rest of what I'm going to say, is the pattern of these overdose deaths was they increased through the Obama administration, the first Trump administration. They rose, peaked, and then began to decline in the Biden administration and continued to decline in the second Trump administration. For historical reasons, um, China is the locus of global fentanyl production. And fentanyl has been a subject of US-China negotiations since the Obama administration, and continuing on through the present time. In work that I did with Julieta Contreras and Lucas Rengifo Keller, we used transactions data to examine whether these various developments had an impact on street prices.

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And this scatterplot is a scatterplot of individual price transactions There are two basic forms of fentanyl, pill fentanyl and powder fentanyl. The powder fentanyl is a relatively recent addition, and those are the yellow triangles down at the bottom. And then we also have data on purchases that were made in bulk, and as you might expect, bulk purchases get a discount. And we've And you might be surprised, but even addictive substances show some price elasticity. There is some evidence that users vary the amount they use by price, but there's much more evidence that potential users vary their rate of beginning or initiating use depending on price. So there's a little bit of elasticity on the intensive margin, much larger elasticity on the extensive margin.. But there is some price response to drug use and then by extension overdoses. We found in that paper that I wrote with Lucas and Julieta that a May 2019 US-China agreement during the first Trump administration to end direct fentanyl exports to the United States increased prices for a temporary period of about 3 to 5 months before The trade and investment were rerouted principally through Mexico. But that price increase in late 2019 actually led to a reduction of overdoses by about 1,000 people during that period.

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So there was, we have some evidence of some modest impact of diplomacy through the price channel. We did not find any evidence that other developments such as then-Speaker Nancy Pelosi's visit to Taiwan and the threat— Chinese threat to suspend counter-narcotics cooperation had any effect. The one thing that you can identify is that May 2019 agreement during the first Trump administration. US government data show that the purity of seized fentanyl powder began to decline in late 2023, with pill purity following going in '24. So what you see in this chart, the dark line is that overdose. It's just the overdoses that were in the first chart. The red line is the purity of powder fentanyl seized by the authorities on the street. And the dashed blue line is pill fentanyl purity. So you see a big fall in purity that coincides with the decline in overdoses. And a recent paper in the journal Science argues that the Chinese government intensified actions against purveyors of fentanyl precursor chemicals, that is to say the chemicals that are used to make fentanyl, on online platforms following a meeting between President Biden and President Xi in 2023. Which brings us to the Trump tariffs.

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In February 2025, President Trump imposed a 10% tariff on China related to fentanyl. The tariff was later extended to Canada and Mexico, and in March, the fentanyl tariff on China was raised to 20%. In November 2025, China agreed to tighten controls on 13 fentanyl precursor chemicals, and the US cut the tariff to 10%. The Supreme Court decision this spring on the AIPA case has now eliminated those tariffs in, in their entirety. So in conclusion, deaths from fentanyl overdoses remain a top-level public health issue here in the United States. In addressing this problem, it is incumbent upon us to address the demand side through a variety of outreach and recovery strategies. Yet at the same Time, the supply side matters. There is some evidence that interdiction works, but cooperation with China, Mexico, and now India, which has emerged as an alternative source of precursor chemicals to China, uh, will be necessary. But clearly tariffs are not central to this story. Variations in tariff levels in 2025 and 2026 cannot cause a decline that began in 2023. We do not yet have data that would allow us to evaluate the Trump fentanyl tariffs or its subsequent cut and elimination.

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Um, we do have evidence that diplomatic engagement has had benefits. It is logically possible that the imposition of tariffs and their subsequent reduction have generated more cooperation from China than would have otherwise occurred and further reduced overdose deaths. But there is no evidence of this at this time. By the same token, it is possible that the imposition of the tariffs, uh, could have had a perverse effect of reducing Chinese cooperation. We simply don't know. I thank you for your attention, and I look forward to our discussion. Morning.

[00:31:47.35] - Mary E. Lovely

Nice to see you all so early. Um, both Mark and Tad talked about the role of what I'm going to call connector countries, third countries. In a globalized world, when there's an action that affects one country differentially, in this case China, In the first trade war, we saw tariffs only on China. In the more recent Liberation Day tariffs, we saw differentially high tariffs on China. In a world such as that, you're going to see the location from which goods are shipped, the location of FDI, change in response to these tariffs as goods seek the most efficient route to get from production to the US market. So we're looking forward to the President Trump-President Xi summit next week, and there's going to be a large number of topics, we think, on the menu. The Iran war is very likely to come up, the Taiwan issue, export controls and counter-controls. Chad mentioned the possible Board of Trade. There's some talk about a possible Board of Investment. And then, of course, perhaps Chinese mandated purchases—soybeans, aircraft, beef. Largely, though—I put this little comic here about kicking the debt down the road, which is also relevant here—but we expect that a lot of the big issues will be kicked down the road again.

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The two leaders are expected to meet several times over the next year. So what is newsworthy or really happening We want to look behind the scenes and look at what's going on right now. What we reached last year in October was a kind of a, a peace between the U.S. and China, and I think we've all enjoyed having this lull in activity. But in large way, it was a stalemate. China responded to U.S. tariff actions and increases in the number— the number of companies and affiliates that would be placed on various sanctions lists, uh, with its own set of export controls. The U.S. pulled back on its expansion of export controls, and as we all know, tariffs were reduced on both sides. Both sides currently actively are working to reduce their vulnerabilities and to increase their bargaining power vis-à-vis the other. As we all know, the US is working to, for example, in particular, to get alternative sources of critical minerals to be less vulnerable to Chinese export controls on critical minerals, or as Chad emphasized, permanent magnets. China meanwhile continues its drive towards self-reliance, particularly in tech. So this piece or stalemate is really only skin deep, and it can be dislodged by movements, I think, on either side.

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And in the US, of course, the actions of US policy toward China have not been just in a state of suspended animation. They've been moving forward. And the US-China trade conflict is moving to new fronts, what have been called— I think they were originally dubbed connector countries by Bloomberg. But it's a, it's a, it's a term that has been in the ecosphere for a while. The two big ones that we're going to focus on are Vietnam and Mexico. Chad highlighted in his presentation the increasing role that these two countries play in the U.S. import basket. Connector countries are not just avenues for goods to come into the United States, they're avenues for Chinese intermediate goods to to flow into the United States. And there's a number of ways that can happen. One is so-called true transshipment, where something leaves China, goes to a third country, a second country, it's made in Vietnam, made in Malaysia, gets stamped on the box, and it gets sent to the US. That is, while many people are focused on it, it's an illegal activity because you're misrepresenting the good to customs., but it's likely to be a rather small share of the overall adjustment that we're seeing in supply chains.

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And we have some good evidence on that. Instead, what we're seeing is Chinese inputs going to third countries where they're then substantially transformed into, into full products. So for example, Chad showed you how laptops that the U.S. receives have moved rather dramatically in a short period of time from China to Vietnam. How can that happen? Did China— did Vietnam suddenly develop the capabilities to create the whole laptop? The answer is clearly no. Factories can be made pretty fast to assemble laptops with imports that come from other countries, with intermediate imports that are coming from other countries. Now, I don't want to say that the success of these connector countries is only due to the US trade war and to the importation of Chinese intermediates. There's a lot of good evidence that their export success has been happening for probably 20 years. They have been involved in their own development odyssey, increasing education rates, improving the conditions for foreign direct investment, making changes to their trade policy, signing trade agreements. All these are important. But we've seen a rapid acceleration. Of these exports to the United States in particular in the face of the trade war.

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I think something that Chad's graphs with where individual products are coming from makes very visually clearly. So connector countries, we can know, have both increased their share of US imports, but they've also increased their— importing from China themselves. So on the lefthand side, it's the change in US import share for selected trade partners. Taiwan has had the largest bump up, a little over 4%age points increase in the US market, which you can imagine, it's a big market. That's a lot of goods. A lot of that is due primarily to the AI boom. And they're not really going to be a focus of what we're studying here at the Peterson Institute. Vietnam and Mexico, however, both of whom have increased their share of the US import market, are countries that have received— have changed their own importing behavior. And if you look over at the right side, you see Vietnam in particular has really increased the share of its imports that come from China directly. We also see Mexico Thailand, Malaysia is another country, but they have really not gained as much market share in the US. What we know about these trade flows is a number of things.

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First of all, the connector countries, as I mentioned before, were already gaining traction. So there, there was a hospitable environment there for supply chains to move rather rapidly. There's mounting evidence that U.S. tariffs on China accelerated these connector countries' exports to the U.S. of goods that were hit by tariffs. So economists have done detailed work of looking and seeing, is it the products that were hit with tariffs that we see becoming success stories of exporting into the United States for these connector countries? And the answer is yes. There's good evidence now at the micro level that that has is a causal relationship. We also know that Chinese FDI has increased to these connector countries and that many new Chinese-owned factories have been established in the connector countries. Finally, in work that I'm doing right now with my colleague Christine Wan here at Peterson, we are tracing the value-added in imports that are coming from these countries into the United States. To the United States. And we find that they have increased dramatically. So while, as Chad showed, China's gross exports to the United States have fallen, value-added flows have fallen by far less. So Chinese value-added is still finding its way to the United States.

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Now, you may— that may not be a problem, but it may be a problem in areas where China has choke points or we believe that there's a sensitive good that needs to be— our dependency needs to be reduced. Now, U.S. policy is already on track to dampen these flows. We've had these abroad across-the-board tariffs, which have not been targeted in any way. As Chad said, we're still thinking about what's a sensitive good and what's not a sensitive good. But the U.S. policy is moving into a new front. Um, in May of 2024, I testified before the U.S.-China Economic and Security Review Commission next to now Ambassador Jameson Grier. At that point, he was appearing before the commission in his personal capacity, and he said at that point that Section 301 remedies may be needed to prevent third country workarounds— that means workarounds, China's workaround US tariffs— by extending the effect of the measure to imports from Chinese headquartered companies, so Chinese foreign affiliates and connector countries, or adjusting the rules of origin subject to the Section 301 tariffs. And what that basically means is we may have to force these countries to sign agreements with the US to limit Chinese intermediate inputs in their goods.

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It's kind of a bastardization of the concept of rule of origin, which we think of in terms of preferential trade agreements. But nevertheless, that is the term that is being used today. We know that two new Section 301 investigations have been opened and are ongoing and are having public hearings.. And they may prove fateful as we look forward. May say that's the time when this tension between the US and China really became globalized and moved to the connector countries. The first investigation is into 16 listed economies' acts, policies, and practices related to structural excess capacity and production in manufacturing sectors. This includes China, of course, also Vietnam and Mexico. But many think this is a way to restore tariffs on these countries themselves proper. The second investigation is quite different. It lists 60 economies' acts, policies, and practices related to the failure to impose and effectively enforce a prohibition on the importation of goods produced with forced labor. The 16 economies mentioned include China, Mexico, and Vietnam, among many others. So it's direct related not to— not only to these countries' forced labor practices within their own borders, but to the forced labor practices of their trading partners.

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If we look at the most recent agreements of reciprocal trade that the U.S. negotiated under duress with its partners, um, we can see some clues as to how the U.S. might go about this process. These agreements are legally binding agreements that define favorable conditions for U.S. exports and investment while linking market access into the United States to certain trade regulatory and national security measures. That is how they are described by the USTR. And what that means is that We will give market access in the United States to countries, um, and we will offer no reciprocal reduction in our own barriers, uh, if they adhere to certain alignment with U.S. policies. And these agreements contain provisions that can easily be used to limit Chinese participation in the supply chains of connector countries. Provisions in some of these ARTs that reference forced labor include all this list that's here in the table. Forced labor import exclusion, regulating third country-owned or controlled firms, that is Chinese FDI inside their borders. They need to adopt rules of origin to ensure that the benefits of what was the ART is limited to only those two partners, so US and Vietnam, nothing coming from China.

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Coordinate restrictions that US imposes on China. They are to adopt those within their own borders, align their export control regimes with ours. And they're eligible— they can pay a penalty for entering any trade agreement with so-called sensitive third countries. So there's a lot in these agreements. Not every country has signed on to these to the same extent. That's important to note. And that the wording varies from country to country depending on how much these countries are able to water down some of the agreements that they signed. China has already responded to these moves. China's provision on industrial and supply chain security took effect on March 31st, 2026, and a friend of mine, Hua Zhu, has written quite a bit about this in China Trade Monitor. These new rules provide for retaliation against countries that take discriminatory or restrictive measures against China's supply chains. The rules explicitly counter extraterritorial applications of laws affecting China's supply chain. So think extraterritorial application by the United States to third countries that affect China's supply chains. And investigations by China may be conducted into foreign companies and individuals if they interrupt trade with Chinese entities or threaten China's supply chain security.

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Sanctions may include restrictions on trade, investment, border entry, residency rights, and they can be extended to affiliate entities controlled or operated by the offending foreign entities. This is where the battle is going. And I think we need to start to think about what it means, what it means for the connector countries who clearly have been hedging, trying to straddle the two enormous economies that right now are creating enormous tensions in the global trading system. So the trade war may be downplayed in Beijing, But the conflict is coming to new fronts. And stay tuned at PIIE. Thank you very much.

[00:46:48.31] - Martin Chorzempa

All right, thank you all for braving the rain today. Mary kind of perfectly segued into my presentation, which is going to focus on US and Chinese controls on technology and the ways that Firms are increasingly being put in untenable positions where they can't comply with both regimes and thus are going to be in violation of Chinese law or US law and don't really have any way to, to spare it anymore. If we look going into the summit, actually, the technology front looks relatively calm compared to past administrations. So I've been paying attention to export controls and investment restrictions now for about 8 years. And for much of this period, especially under the Biden administration, it felt like drinking from a fire hose. By the time we would download the latest Chinese entities that are on these restrictive lists, there would be a new one on by the time we could put out a blog 2 days later. But instead, under the Trump administration, the second Trump administration so far, this has kind of slowed to a trickle. And

I'll get into a little bit of why this is. And also, many Chinese measures that they've put in in this last year or so have been walked back or paused as well.

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So it kind of looks calm, like, OK, maybe the summit could cement this agreement, and everything will be fine. But actually, underneath the surface here, we see a lot of pressure brewing. And one of the most interesting areas that we've seen this occur in is related to financial sanctions, where the US has put sanctions on Chinese so-called teapot refineries, which are allegedly involved in Iranian oil trades. And for the first time, China has invoked its blocking statute to tell domestic entities and any foreign entities in China, you cannot comply with the US sanctions. They have never done this before. And this is a sign that China is increasingly confident and is willing to use these tools in ways that will be challenging, that directly challenge some of the US's most powerful tools of economic statecraft. So we're going to see continued technological competition. And I think we're just going to end up kicking the can down the road. But I'll get into those and US-China AI competition in the next few minutes. So begin with the state of play of controls. The US, I mentioned, for about 8 years now has been building out this control regime on China in sensitive technologies.

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Most of this has focused on leveraging choke points in the semiconductor sector. Which has also involved coordination with US allies. This started with Huawei and ZTE. Now, over 1,000 Chinese firms are on the entity list for restrictions. And there are these restrictions on any Chinese entity or any entity in China to buy advanced AI chips or semiconductor manufacturing equipment. But these were previously updated quite regularly and since have paused. So the second Trump administration has decided not to implement the AI diffusion rule that the Biden administration came up with near the end of its tenure. It banned the H20 chip, which Nvidia created specifically to comply with export controls in the Chinese market, and then a few months later unbanned that chip, and then now has allowed Nvidia to sell the H200 chip in China with some restrictions, which is much more powerful than the H20. So if we're looking for where have things tightened under the Trump administration, it's hard to see it. They tried to tighten, as Chad mentioned in his talk, this loophole with subsidiaries, where if you were on the entity list, say Huawei is on the entity list, they could create a subsidiary somewhere, and that subsidiary could then just start buying US goods as if there was no restriction.

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But the way the US tried to plug that led to Chinese retaliation. And so you kind of get to, why is the US trickling down? I mean, you would think that, the pressures for technological competition would continue. There are still a lot of hawkish voices in Washington who want to do all sorts of restrictions to slow down China. But we don't see it happening. And the key reason for this is what's changed on the Chinese side. For much of this period over the last 8 years, the US could put restrictions on China, and China did not retaliate at all. So unlike in the tariff case, where China would respond kind of tit for tat with similar tariffs, US would put export controls on, and China would respond with nothing. But that really began to change in the late Biden administration and then fundamentally shifted in April and May of last year when China included controls on some of its choke points in rare earths in response to the tariffs from the United States, thinking that there's a lot more— the trade is so imbalanced that US tariffs on China negatively affect China more than a similar tariff on US exports to China.

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But China then realized that these export controls on its side could actually be its trump card, excuse the pun, which has— every time we talk to Chinese interlocutors, they say, we have found our counterweapon. And so we think that now the US will not dare to increase its controls. And that's what we've actually seen, that China seems to have gotten the US into a stalemate. And this was most visible in late last year when this affiliates rule came out from the US, this 50% rule. If you're a subsidiary of Huawei, we're going to treat you the same way as the parent. And China's response was to create this incredible global sweeping control regime, which would have, for most, for say, a military export from Europe, to the United States would have required an extraterritorial Chinese license. And it was an extraordinary step up that was kind of like a strike saying, hey, US, we're not in this old world anymore. We're in a new strategic world where we're going to retaliate even harder in some cases when you put restrictions on us. And then this blocking statute I mentioned earlier, this has been on the books since 2021.

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But if we compare the Iran sanctions today, where China has said, don't comply, With the Russia sanctions of a few years ago, when the response of Chinese banks was, if a Russian entity is on the sanctions list, we're pulling back because we're too afraid of getting ourselves secondarily sanctioned by the US. Now we're seeing open defiance. So China is just so much more confident. What that should tell us going into the summit is that China sees its position as very strong, and the likelihood that it actually gives serious concessions to the US is actually quite limited. One of the things that Trump has said, lead— coming into the summit, is that the US is ahead in AI. And a lot of these controls that I've talked about, the main output in terms of goals for the US has been a large lead in AI. So I think it's worth it to look into a bit, is the US actually ahead in AI? And what does that mean for US leverage going into the summit? One of the most interesting interesting data points here is that Deepseek just came out with its latest model, V4. And the response was completely different to R1, their last major model, a year and a quarter ago.

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A year and a quarter ago, they came out with this powerful new model. And it looked like they— China had completely closed the gap with the United States on many benchmarks. And you'd see US semiconductor stocks all fell. There was this concern that the whole US whole system that was financing AI in the US was going to unravel. This time, DC came out with its model and there was essentially no reaction in the United States whatsoever. Mainly the reason for this is we've kind of internalized that China is relatively close and we've also been desensitized to the fact that there are actually many Chinese labs now that are able to produce models close to the US. If you want to get the truth of exactly how far ahead the US is, It's very challenging to measure. There are many different benchmarks. And my Twitter feed has been full of two charts lately, which are really interesting. One of them is from the latest report on AI from the Stanford Center on— Stanford HAI, which shows US model capabilities on the top, consistently in the frontier, and Chinese models here. And they're getting closer and closer and closer.

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And the latest models from China are essentially the same. So it looks like convergence. Might as well not have even had export controls, you could say. But then the US CIISI came out with an alternative measure looking at a bunch of other different benchmarks. And you see the gap is going like this and getting wider. So depending on which one you look, the US can be either converging, China can be catching up to the US, or the US might be taking off. I would tend to agree with the CIISI numbers. And I'll give you a couple of reasons why. One of them is that that Set of benchmarks is the more frontier technical long-term coding issues where US model intelligence gap actually leads to a significant increase in capabilities. And the other is more interesting and anecdotal, which is that if you talk to anyone who's doing coding in China, they're all pretty much using Claude code. And this raises some interesting questions. Anthropic does not allow anyone in China to use its models. Chinese law doesn't allow foreign AI models to just diffuse their non-censored models in the country. What happens is people in China are using VPNs and paying intermediaries to get access to US models.

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One of the other features of Chinese models is they're way cheaper, something like 10 times cheaper than the best US frontier models. If the model is cheaper and as good, you probably wouldn't be bothering to go through all this rigmarole to access the model. So that's an important indication that US models do have an advantage that doesn't necessarily show up with all these benchmarks. But if you look at China's behavior, the H200, which is now from NVIDIA, which is now allowed from US regulations to be sold in China, China's customs will not allow any imports of that. So for a long time, there was this idea that the main US choke point and leverage over China was we can control how much AI computing we get. Now we said, here, here's actually a great chip you can use to help alleviate the constraints on your AI ecosystem. And China says, no thank you, we want to go all in on indigenization. And I think this is another sign that China has just this immense confidence compared to a year ago in its AI ecosystem., and feels a lot less like the US has room to make concessions.

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So I'll conclude with just two last observations. The first is that the US now is in a new strategic environment. We need— where there is going to be at least tit-for-tat, but potentially even higher, more intense Chinese retaliation than in the past. And that is a real strategic challenge because the US so far has just restrained from new restrictions. But that's not necessarily a tenable equilibrium. And the US Congress is also not happy with that equilibrium and has been proposing many bills trying to force the administration to put new restrictions on China. But if the US decides not to put any new restrictions on, then China is going to gain even more confidence in its countercontrols. And that will make it harder and harder for the US to take any competitive action with China. And then just to conclude on what I expect for the summit, the trust on both sides is very, very limited at this point. The idea that China is going to be OK relying on US computing going in the long term, or that the US is going to be OK relying on Chinese critical minerals, just because we get some sort of— even if we get some sort of tech grand bargain under the Trump— at the summit, These problems with each other are not going to go away.

[00:58:53.19]

Thank you.

[00:59:19.40] - Chad P. Bown

Okay, um, I am going to moderate a conversation, and what I'm going to do is ask sequentially each of my colleagues one question, and then we're going to open it up to general Q&A. And so maybe I'll start first with Martin, since you were, you were just telling us a fascinating story there.

So, you know, one of the— what you ended on, right, was that China says no to the H-200, even though we're suddenly now offering it. It stands in quite contrast to China suddenly offering us rare earths and permanent magnets. We're not in a position to say, no, no thanks, we don't want it, right? So it really does, I think, exemplify how the change in leverage, at least has evolved over time. So Martin, I had a political economy question for you. One of the things that I have noticed in Washington is how the role of the private sector seems to have changed in the engagement with China. And I wanted to get your sense of that. And so here's my sort of data point as evidence, right? You look at today what's happening with the ongoing Section 301 hearings. There's thousands, probably, of submissions, and dozens, and dozens, and dozens, and dozens of folks showing up to testify in these things.

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And it's not just this 301 investigation that's ongoing against China, but all these other countries as well. It was the same thing in the fall when you looked at the USMCA review hearings that were held, right? Something like 1,500 submissions, 3 days of hearings. We go back to the original Section 301 investigation on China back in 2018. Same kind of story, massive engagement by the private sector. When I looked at the Section 301 investigation into the Phase 1 agreement in the hearing that was held in December of last year, so if we're normally thinking of thousands of submissions, dozens of folks showing up to testify, at that hearing, there was 11 entities that showed up to testify. For context, there were 15 government officials in the room. So there were fewer people showing up to testify than there were actually government officials there to hear them testify. There wasn't days and days of hearings. It was 3 hours of hearings broken up by a 90-minute lunch. And there were only 80 submissions total, of which a quarter was just the farm sector saying, please stop imposing tariffs because our exports have gone to zero. So in a sense, the American private sector has essentially disappeared on the issue of China and engagement and a lot of these issues.

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And so the question is, well, how do we find out now? When China makes all of these new announcements that you mentioned, that Mary mentioned about all these new regulations, blocking statutes, supply chains, what they're doing there, export controls, how do our firms provide that information to the government in the ways that seem now to not be working. One thing that I have found is it's actually very useful to go see what the Europeans are doing. The EU Chamber just put out a report in April about its concerns with the Chinese export control regime. So we're having to look elsewhere for the private sector, because the American private sector has been relatively silent on a lot of these issues. Am I off on that, or what's your sense for how the political economy seems to be changing here?

[01:02:58.09] - Martin Chorzempa

Yeah, I think the hawkish consensus on China in the US made it very challenging for firms to speak out. And in this case, on tariffs, I think what's been quite striking is that firms, even ones that are pretty heavily negatively affected by them, have not been willing to report. And one of the things that really stuck out to me in the past few years is that One of the firms that had provided a lot of information to the US government in order to help negotiate a trade deal in the past was kind of dug up and opened and used against them later on to kind of impose tariffs that would negatively affect that firm. So there's just much less trust in that the US government will be careful with business confidential sensitive data. That's one point. The other is that in China's case, China can just immediately impose some counter negative impact on a US firm without announcing anything, just inspections in their factories that shut them down, or phytosanitary measures, can't export anymore, can't get through Chinese ports. And that means that taking any action that China sees as negative, reporting to the US government publicly or privately, can be seen as something quite negative.

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And we saw this with Micron a little while ago. I think it was a couple of years ago. Where they were seen as lobbying for restrictions on Chinese competitors. And then they were labeled this kind of supply chain risk in China. And that's kind of been a little bit papered over. But China is now firing these shots, saying, we can't get this information. I agree that Europeans are at a great pace to get this, in part because they've just been far more— many people in Washington would say naive about China, and continued to make major foreign direct investments in China that exposes them more to this business environment. And what's interesting to see is that the European Union has also put in some of these supply chain de-risking measures. And the challenge for these firms is even if you just want to figure out how much China exposure you have in your supply chain, let's say you want to figure out if there's Xinjiang exposure somewhere to your supplier's supplier's supplier. You try to get that information, you might— the person in China trying to pull that information for you might get arrested. So it's just become extremely challenging for firms to balance this.

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And I think China, for a long time, wanted to project this idea that China is this great business environment. Everything is fine here. We don't put restrictions on what you can sell like the US does. But now they're so frustrated with US measures that they've kind of thrown that out the window and are happier to say, we're going to focus on our own security and force you not to do the diversification that your government, US and other governments, are asking to be done.

[01:05:45.36] - Chad P. Bown

Thank you. And the Xinjiang reference, of course, is to sort of the forced labor concerns that have come up under various countries' statutes. Mary, connect our countries. So fascinating look at the data and laying out of all the issues, and really appreciate the way you have identified and characterized the number of different ways that the administration is sort of going after this. I wanted us to think a little bit harder. You really provoked this in me about what it is. You mentioned the Chinese workaround in the sense of, you know, you've got a country like Vietnam, and now all of a sudden we have a lot of new investment that's taking place in Vietnam. Maybe some of it's moving out of China. We've got now more inputs coming from China into Vietnam, ultimately for a final assembly to come to the United States. The administration characterized that as a workaround. I guess the question that we need to be thinking about is, what of those workarounds are we really worried about that do merit some sort of policy action, and which maybe do not, and maybe it's just sort of normal economic activity and isn't something that we should necessarily be worried about, because you can't deal with all of it.

[01:07:11.09]

So I guess the question is, which of it should you deal with, and which of it should you just let be? I came up with some ideas that I wanted to throw at you. And then I'd be curious, both for your reaction and if you had others. And this is sort of getting at the question of, in this sense, when you think about Chinese value added in US imports coming in from Vietnam, what should we be worried about? What's sensitive? So one is, you know, something that could still be weaponized potentially from China, from Beijing, even though it's now going through Vietnam. So maybe if it's some essential input, right, if it's rare earths and okay, now Vietnam is doing permanent magnets, but they're still reliant on other Chinese firms at home for the rare earths that go into the permanent magnets. You haven't solved that problem. That's still something that maybe to worry about. So if there's still a choke point, a market concentration problem that you haven't been fixed, that's something you'd want to deal with. Maybe there are concerns about forced labor, environment. It used to be that we were concerned about subsidies, the flows of the— whether it's cheap Chinese credit or low-priced steel because they're coming out of Chinese state-owned enterprises.

[01:08:25.25]

If those are the inputs going into these other countries, that's what we'd worried about and you want to do something about. But in any case, how do you think about those issues of what we should worry about, which of those to prioritize? Because ultimately, I think that's something that we're going to have to wrap our heads around.

[01:08:43.04] - Mary E. Lovely

I think that is the question. And we are stuck in a mode where we're just thinking about pushing China out. So we have tariffs on children's boots, and we have export controls on the most advanced chips. Doesn't seem to make any sense. And it's the most expensive way to do it. And as we have seen by the movement of supply chains, through third countries, ultimately probably not effective. So we need to really, as a society, you know, define the characteristics of security. And some of it just may be as simple as deconcentration. So it's okay to get certain rare earths from China, we just can't have them dominating 90% of the supply. That's different than saying we're going to track Chinese rare earths all throughout the supply chains. So it's one of deliberate policy of diversification. Then there may be other things where one is too many, where we need to really make sure that this particular item is so sensitive that we can't have any of them. That could be something that if insignificant number could be used to spy on Americans. I think we have to kind of have these grown-up conversations about what is the risk and what is the best, and dare I say, most efficient way to address that.

[01:10:05.59]

We're not doing that now. I would say there's another risk, which is what we're seeing partly from what Martin said about companies' reaction. Just go around the United States. It's very bad for US manufacturing to have multinationals deliberately manufacturing outside the United States. Chad, in your presentation, you talked about Tesla. I mean, Tesla just decided, oh, okay, you don't like this, we're going to make those cars in China and we'll export from there to the rest of the world. So what we're seeing is that the supply chains that serve the United States look different, are starting to look different than what serves other advanced economies. And that is not good for US manufacturing or US service providers either. So I think it's high time we have this conversation on what really needs to be protected and how best to protect it.

[01:10:59.24] - Chad P. Bown

I agree. Adult conversations are good. OK, Mark, question for you. And then we're going to turn it over to the audience. So audience, be thinking about questions. So Mark, first of all, thank you so much. I think your presentation for us trade nerds was incredibly educational. We don't know enough. We don't think enough. We don't think hard enough about fentanyl and these huge,

huge issues of importance to public health. So thank you for all of your really important work there. Now, I'm going to be really unfair. Um, you mentioned this deal that was struck in October, November, where China agreed to, you know, do more on these, on these 13 precursors. Um, and it's still early. Right, but my question is going to be, what should we be looking out for? Right, so in the data that you put up there, you know, obviously what we care about are overdoses, right? Those are the outcome metric. But there are other things that you identified, powder purity, that seems to matter as well. Um, are there other— as a data nerd, are there other, you know, sort of data indicators that you have found to be useful as we kind of track these kinds of things?

[01:12:16.04]

And then as a real, real data nerd, when is the data that we do care about on these metrics going to be available so that we can begin to look into, with some rigor, the questions that you've identified about, did all of the tariffs make things better or worse? Did this diplomatic deal in October, November make things better or worse? Sorry to throw you under the bus.

[01:12:38.04] - Marcus Noland

OK, so starting with the end. The CDC has continued to produce the overdose data. They've just gone through another round of layoffs. So, you know, our ability to get the overdose data remains uncertain, but I have as much as they have really— that they have made available. Same with the price data, you know, it appears with a lag. So, at some point, in principle, we should be able, probably in a couple years, to evaluate, you know, the impact, if any, of all the Trump tariffs and then the subsequent elimination of the tariffs. On the sort of probably more important question of how do you evaluate the November agreement, and what it may have. So the argument is, is that as the precursor chemicals dry up, production of fentanyl dries up, and so the people who are selling it increasingly dilute it, and that's the whole purity argument. So what you would be wanting to look for is extremely granular trade data or customs seizure data on these chemicals from Mexico. So China to Mexico is what you'd be looking at. But then you also increasingly have to look at India to Mexico, because as China has tightened up, people increasingly source these products from India.

[01:14:19.35]

So, you know, those are the sorts of things. And now you are— you're basically law enforcement level in the weeds of trying to track the stuff.

[01:14:32.24] - Chad P. Bown

OK, we're going to turn it over to the audience. Go ahead, Tianlei. And please introduce yourself, and then start with your question.

[01:14:42.02] - Tianlei Huang

I'm Tianlei Huang from the Peterson Institute. This is probably a question for Martin. You mentioned the latest Chinese move to block US sanctions. My question is, what does it mean for the Chinese banks? I mean, as you said, this is probably the first time that China used its anti-sanction, foreign sanction legislature in such a high-profile way. In the past, my understanding is, which could be wrong, is that those Chinese banks in the past, they just comply with US sanctions. They don't deal with those Chinese entities listed on SDN. But this time it's different. I assume that they're Chinese and they're still owned, they have to comply with Chinese laws. But all of them, I think, have some sizable dollar business as well. So if they comply with Chinese laws, there is a risk that they may be put— they may face secondary sanctions by the US. And if that happens, I think we will be really heading into a much more dangerous phase of US-China decoupling with potentially far-reaching consequences for the global financial system. Am I overworried? What do you think? Or is it just both sides trying to build leverage ahead of the summit and none of this is going to materialize?

[01:15:53.11]

Thank you.

[01:15:54.55] - Martin Chorzempa

It's a good question, and your worries are well placed. Yesterday, Secretary Rubio said, you know, if you don't comply with the sanctions, we are going to hit you with secondary sanctions. He wrote that on a Twitter post. So he's not signaling that the US is going to back down. Now, the interesting thing is, where does this go? So if, for example, the really large Chinese banks are interacting with these entities, then those are probably not where the US would start, right? You're not going to put ICBC— if you put ICBC on the SDN list, that would be like a nuclear bomb for the global financial system. So I think the Chinese side does not think the US is going to go there, maybe would try to start with some much smaller Chinese bank. The way that Chinese banks have dealt with this in the past is that some small bank with very little dollar exposure is the one who handles the sanctions. Think Bank of Kunlun, for example, that then is kind of isolated from the rest of the system. But this is just— it is really extraordinary that China has had this on the books for many years and just has not been willing to use it for exactly this reason, is that the Chinese banks themselves are in the most untenable, scary position, because they are doing— something that's in direct defiance of US rules, but they really do need the dollar.

[01:17:16.46]

If you look at China's trade, something like 72% of China's trade today, according to the PBOC, is handled not in renminbi, and a good portion of that is in dollars. Financial flows are also significantly in dollars. So those banks cannot afford to lose access to the US dollar. But I think China's looking at this and saying, we can do this., and the US side is not going to dare to go there. So it's a very dangerous game of chicken that we're getting into here.

[01:17:47.40] - Chad P. Bown

I think we have time for one more.

[01:17:50.55] - Anna Swanson

Thank you so much for the panel. I'm Anna Swanson of The New York Times. I have a question probably for Chad and Mary about the Board of Trade approach. I wondered if you could just elaborate a little bit on what you think the implications or effects effects of this might be. There is a long history of the US and China dialoguing over trade. Do you think, you know, anything is different now? Thanks.

[01:18:24.14] - Mary E. Lovely

Thanks for the question, Anna. You know, I think they've kept it pretty mum because it's probably not clear what the Chinese will accept in this realm. The realm of possibility spans from this will be a forum for us to discuss our differences to fears that it will be just outright managed trade. And I think that's not only people like us who think, hey, that's not free market activity, that's government-dictated buying and selling. But the ones who would be most worried about that would be firms that are on the front line about that. And a lot of those firms, in fact, are not US-owned firms. Foreign-owned firms because the US firms don't do a ton of production in China and then selling back to the United States.

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It's oftentimes other foreign-owned firms that are operating in China. So I think we have a really wide range of possibilities here. And the question is, under what statutes will this be done? And as we've seen, the Trump administration has been very willing to bend statutes bend authorities to do what they want to do, and then those uses are challenged in court. So I imagine whatever comes will also be challenged in court. Chad?

[01:19:46.34] - Chad P. Bown

Yeah, I guess I would just pick up on something that Mary said, which is this issue of government-dictated buying and selling, right? And I think there's very much the perception in Washington that, well, that's the Chinese economy, right? It's a non-market economy. It's the Chinese Communist Party dictating to firms what they can buy and what they can sell. And some of that is true, but probably not as much as what Washington thinks. But that's sort of the perception right now. And it's being reinforced by the fact that China isn't buying stuff. It isn't buying American exports. Now, to be fair, China hasn't been really buying anybody's exports over the last 5 years. Its imports from the world are kind of flat, despite its exports booming, despite the fact that it has continued to grow. So it is clear at some level that the old system of trying to engage in trade with China by negotiating over things like tariffs, and then rules on subsidies and things like we did under the old WTO system didn't work. So there is a need to do something very, very different from how we have done it in the past.

[01:21:07.32]

But what that's going to mean, I don't know. It could be the administration is saying, well, if you're going to continue to be a non-market economy, we're going to have to treat you like a non-market economy in the extreme, and figure out what it is in this Board of Trade that you're allowed to sell to us. And we're going to sell to you. I think clearly nobody wants that. But the Trump administration has a tendency to kind of stake out extreme positions and then negotiate it from there. So maybe it'll be something backed off of that. But I think, at least again, this is one of these adult conversations that I think we need to begin to have that we have not really had yet. So with that, I'm sorry, we're actually over time. I want to thank everybody for braving the weather here in Washington, DC, and making it into the Peterson Institute this morning. And thanks again as well to everybody online for joining us. And we look forward to seeing you again in a couple of weeks for How to Win a Trade War. Thanks, everybody.