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US-CHINA EXTENDS TRADE TRUCE: FURTHER SUSPENSION OF BIS AFFILIATES RULE AND TARIFF REDUCTION

I. BACKGROUND

On Chinese President Xi Jinping's visit to the United States from September 23 to 25, 2026, the U.S. and China have agreed to a two-month extension of the trade truce established under the so-called "Busan Agreement," keeping it in place until January 10, 2027.¹ Separately, on September 27, U.S. Trade Representative ("USTR") Jamieson Greer announced that the U.S.-China Board of Trade (the "**Board of Trade**"), a government-to-government body, had identified approximately USD 30 billion in trade in non-sensitive goods on each side as candidates for more favorable tariff treatment.²

The Busan Agreement is the U.S.-China trade and economic deal announced on November 1, 2025. Under the agreement, the U.S. agreed to suspend implementation of the interim final rule titled "Expansion of End-User Controls to Cover Affiliates of Certain Listed Entities" (the "**Affiliates Rule**") for one year, beginning November 10, 2025. The Affiliates Rule extends the export control restrictions that apply to entities on the U.S. Department of Commerce's Entity List and certain other restricted-party lists to any foreign entity that is 50 percent or more owned by one or more of those listed parties, whether directly or indirectly, and whether individually or in the aggregate. As a result, unlisted subsidiaries and other affiliates of many listed Chinese companies could become subject to the same U.S. export controls as their listed owners.

For its part, China agreed under the Busan Agreement to suspend worldwide implementation of the expanded rare earth export controls and related measures it announced on October 9, 2025. China also agreed to issue general licenses for exports of rare earths, gallium, germanium, antimony, and graphite to U.S. end users and their suppliers worldwide.³

This newsletter first discusses the truce extension and where the Affiliates Rule suspension now stands. It then reviews the products the Board of Trade has recommended for reduced tariff treatment and what comes next.

¹ Reuters (2026.9.23). "[US, China agree to extend 'the Busan agreement' until January, Bessent says](#)".

² Reuters (2026.9.23). "[US, China agree to extend 'the Busan agreement' until January, Bessent says](#)".

³ The White House (2025.11.1). "[Fact Sheet: President Donald J. Trump Strikes Deal on Economic and Trade Relations with China](#)".

II. KEY TAKEAWAYS

1. Extension of the Trade Truce and Suspension of the Affiliates Rule

Following the visit, the Busan Agreement truce now runs through January 10, 2027. According to an unnamed U.S. government official, the Affiliates Rule suspension will also be extended to that date.⁴

However, the truce extension does not by itself legally extend the Affiliates Rule suspension. Under current Bureau of Industry and Security (“**BIS**”) regulations, the suspension still expires on November 9, 2026, and the rule will take effect again on November 10.⁵ For the extension to have legal effect, BIS must separately amend the rule to push back its application date.

On rare earths and critical minerals, by contrast, the U.S. is still monitoring whether China is meeting its existing commitments, and the relatively short extension appears designed to give Washington more time to assess this.⁶ The two sides will continue to address U.S. concerns about rare earth and critical mineral supply shortages, with the aim of restoring shipments to appropriate levels.⁷ China has also committed to buy at least 10 million metric tons of U.S. coal in each of 2027 and 2028.⁸ Whether China honors its existing agricultural purchase commitments also remains a key issue. Ambassador Greer reportedly said, however, that national security-related export controls were not on the summit agenda.⁹

2. The Board of Trade and the “30-for-30” Framework

The visit also produced plans to expand trade in non-sensitive goods through the Board of Trade.¹⁰ The two sides agreed to create the Board of Trade, a government-to-government body charged with optimizing bilateral trade, during President Trump’s May 2026 visit to Beijing. It is overseen by designated principals: Treasury Secretary Scott Bessent and USTR Jamieson Greer for the U.S., and Vice Premier He Lifeng for China.

The Board of Trade will initially focus on agreeing lists of imported goods worth roughly USD 30 billion on each side, with the goal of reciprocal tariff reductions on those goods. This is known as the “30-for-30” framework. The principals have approved two product lists: one of U.S. goods to be imported into China and one of Chinese goods to be

⁴ Federal Register (2025.11.12). [“One Year Suspension of Expansion of End-User Controls for Affiliates of Certain Listed Entities”](#).

⁵ Federal Register (2025.11.12). [“One Year Suspension of Expansion of End-User Controls for Affiliates of Certain Listed Entities”](#).

⁶ Council on Foreign Relations (2026.9.22). [“Ten Issues to Watch at the Trump-Xi Summit in Washington”](#).

⁷ The White House (2026.9.25). [“Fact Sheet: President Donald J. Trump Advances a Fair and Reciprocal Relationship with China While Hosting Historic State Visit”](#).

⁸ The White House (2026.9.25). [“Fact Sheet: President Donald J. Trump Advances a Fair and Reciprocal Relationship with China While Hosting Historic State Visit”](#).

⁹ South China Morning Post (2026.9.27). [“Why US chip controls took a back seat at the Xi-Trump summit”](#).

¹⁰ The White House (2026.9.27). [“U.S.-China Board of Trade”](#).

imported into the U.S. The value of each list is based on 2024 bilateral trade data.¹¹

According to Ambassador Greer, the U.S. list covers agricultural products, seafood, logs and wood products, cosmetics, and medical devices, while the Chinese list covers consumer goods such as small household appliances, toys, holiday decorations, and children's car seats. He added that the recommendations could improve market access for about 30 percent of U.S. exports to China.

The published lists are as follows:

- **U.S. Import List (Chinese-origin goods):** 77 eight-digit subheadings of the Harmonized Tariff Schedule of the United States ("HTSUS"). Covered goods include fireworks, plastic tableware, electric blankets and bedding, small household appliances, flashlights, Christmas decorations, highchairs, booster seats, child safety seats, toys, and billiard, ball-sport, and fishing equipment. The toys entry excludes items enabled with radio frequency, Wi-Fi, Ethernet, or Bluetooth.¹²
- **China Import List (中国进口产品清单, U.S.-origin goods):** 1,619 tariff lines in China's customs tariff schedule. Covered goods include live animals, meat, seafood, dairy products, vegetables, fruit, grains, wood, coal, cosmetics, and medical devices.¹³

Approval of the lists does not by itself put any tariff reductions into effect. Each side will decide on and implement future tariff reductions for listed products through its own domestic legal processes. The principals' deputies will monitor bilateral trade in the covered products and may propose adjustments for the principals to consider. The two sides expect to make adjustments no more than once a year, and the deputies may also discuss adding more products in the future.¹⁴

III. IMPLICATIONS

These announcements suggest that the U.S.-China trade truce will hold for now and that tariffs on some goods may come down. Notably, however, the truce was extended by only two months. With talks on key issues such as rare earth and critical mineral supplies still under way, the short extension may reflect both sides' desire to buy time for further negotiations and to assess how existing commitments are being carried out. Companies should therefore not treat the extension as a broad easing of the relevant regulations, and should keep a close eye on further negotiations and on concrete implementing measures from both sides.

Export controls. Companies should also watch for a BIS announcement on the Affiliates Rule. Although an unnamed U.S. official indicated that the suspension would be extended in line with the truce, the current BIS rule still ends the suspension on November 9, 2026. Unless BIS issues a separate extension, the Affiliates Rule will apply again from November 10. Companies engaged in transactions subject to the U.S. Export Administration Regulations ("EAR") should

¹¹ The White House (2026.9.27). "[WORKING PROCEDURES FOR THE U.S.-CHINA BOARD OF TRADE](#)".

¹² Full list available at [\[Link\]](#).

¹³ Full list available at [\[Link\]](#).

¹⁴ The White House (2026.9.27). "[TERMS OF REFERENCE FOR THE '30-FOR-30' FRAMEWORK](#)".

therefore watch for any follow-up BIS rule and its effective date. All other U.S. export controls and Chinese export licensing requirements remain in force during the truce, and companies should continue to comply with the rules that apply to their counterparties and products.

Tariffs. Companies should check now whether their products appear on the lists recommended for reduced tariff treatment under the “30-for-30” framework, bearing in mind that the actual tariff rates will depend on follow-up measures. Companies trading listed goods between the U.S. and China can compare the eight-digit HTSUS or Chinese tariff classifications of their products against the lists. Once each government announces its tariff reductions, companies should confirm the covered tariff lines, applicable rates, effective dates, and any conditions before acting.

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The BKL Global Trade Compliance Center advises on a wide range of matters, including strategic items, foreign export controls such as ITAR and EAR, controls on defense articles and defense science and technology (including defense industrial technology), National Core Technologies (NCT), National High-Tech Strategic Technologies (NHT), national security reviews and investment screening, compliance programs for domestic and foreign export/import regulations, legal assistance in investigations and inquiries by the Korea Customs Service and other authorities, foreign exchange transactions, outbound investment management, and international disputes and investigations. Our multidisciplinary team brings together professionals across these areas to provide advice tailored to each client’s circumstances and needs.

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