

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

**Request for Comments on the Scope and Operation of a Mechanism to Promote
Reciprocal Managed Trade with China**

AGENCY: Office of the United States Trade Representative (USTR).

ACTION: Request for comments.

SUMMARY: USTR invites comments from interested parties 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 particular, comment is sought on the types of non-sensitive products that would benefit from favorable tariff modifications by both sides, and considerations around the design of a new government-to-government mechanism—a U.S.-China Board of Trade—to manage bilateral trade optimization on an ongoing basis.

DATES: To be assured of consideration, please submit written comments regarding the topics listed in section II, below, to the public docket by July 10, 2026. Any rebuttals or responses to those comments may be submitted to a separate public docket by July 27, 2026.

ADDRESSES: Submit written comments through the online USTR portal: <https://comments.ustr.gov/s/>. Follow the instructions for submission in section III below. For alternatives to online submissions, please contact Terry McCartin, AUSTR for China, Mongolia, and Taiwan Affairs, at Terry_McCartin@USTR.EOP.GOV or 202-395-9487.

FOR FURTHER INFORMATION CONTACT: Terry McCartin, AUSTR for China, Mongolia, and Taiwan Affairs, at Terry_McCartin@USTR.EOP.GOV or 202-395-9487.

SUPPLEMENTARY INFORMATION

I. Background

Historic U.S.-China Economic and Trade Relations

The trade relationship between the United States and the People's Republic of China (China or the PRC) has been defined by various modes and methods of engagement. President Nixon's visit to China in 1972 ended a period of 23 years without official diplomatic ties between the United States and China. President Nixon embarked on a new relationship with a country whose single-party government had isolated itself from much of the world. Our relationship with China was, in many respects, starting from scratch, and, from the outset, was marked by significant differences in the two countries' economic and political systems.

Ideological differences, political complexities, and other obstacles meant that it took seven years after President Nixon's visit for the United States and China to normalize relations, which occurred in 1979. Our bilateral relationship has undergone a phased evolution ever since, requiring special attention and skilled navigation. China is not like other trading partners: it is a non-market economy and strategic competitor; our modern history of commerce and diplomatic engagement is relatively brief; and our economic trajectories are at once mismatched and yet closely interwoven. But the United States and China are the two largest economies in the world, and it is possible for each country to derive benefits from trade with the other in discrete ways.

Since the 1970s, our bilateral trade relationship has moved through different phases as circumstances have changed. In 1986, China formally requested to join the modern, multilateral trading system. China's accession to the World Trade organization (WTO) was a 15-year process of intense negotiation. During that time, the United States granted China most-favored-nation (MFN) treatment on an annual basis subject to review by Congress under Title IV of the Trade Act of 1974. The U.S.-China Relations Act of 2000, which ended the yearly Congressional review of MFN treatment of China, granted China permanent normal trade relations and paved the way for China's entry into the WTO in 2001. It also established mechanisms for managing the bilateral relationship, including a requirement that the U.S. Trade Representative submit annual reports to Congress regarding China's compliance with its WTO commitments and the creation of a temporary, China-specific safeguard to restrict surges of imports from China under Section 421.

Since China's WTO accession, the phases of U.S.-China engagement have been defined by a recognition of the unique and evolving challenges posed by the continuing lack of fairness, reciprocity, and balance in the bilateral trade relationship. In the first five years following China's accession to the WTO in 2001, the United States failed to aggressively enforce China's trade commitments, choosing instead to advocate for domestic liberalization efforts and reforms in China. During this period, China revised or repealed many laws, regulations, and other measures required under the terms of its WTO accession, while maintaining problematic acts, policies, and practices that harmed U.S. workers and businesses. When it became clear that China was not coming into conformity with its WTO commitments and China was not transitioning toward a market

economy, as it had agreed to under the terms of its accession to the WTO, the United States took a new dual-track approach. In 2006, USTR released the first-ever Top-to-Bottom Review (TBR) of the U.S.-China trade relationship. As recommended by the TBR, the United States brought numerous disputes at the WTO against China, while also pursuing high-level dialogues aimed at securing China's compliance with its WTO obligations and encouraging China to pursue market-oriented reforms.

By 2016, a decade and a half after China's entry into the WTO, it was clear that the dual-track approach had failed. U.S. government enforcement efforts largely were not backed up by the political will of previous U.S. presidents or the most senior U.S. policy makers. WTO litigation and high-level dialogues had proven incapable of securing significant changes in China's approach to its economy and trade. Without such changes, China's approach to its economy and trade was a major factor in the United States' loss of 3.7 million jobs to the post-accession "China Shock" of the early 2000s.

The United States tried another, new approach in 2018 when President Trump initiated an investigation under Section 301 of the Trade Act of 1974 (Section 301) into China's acts, policies, and practices related to technology transfer, intellectual property, and innovation. After using this established statutory mechanism to first document and then address China's unfair and burdensome practices through additional tariffs, President Trump entered into negotiations with China. After balking at a more-ambitious effort to optimize trade relations, China ultimately agreed to the Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China (Phase One Agreement) in January 2020. This historic agreement required structural reforms and other changes to China's

economic and trade regime in the areas of intellectual property, forced technology transfer, agriculture, financial services, and currency and foreign exchange. The agreement also included a commitment by China to make substantial purchases of U.S. goods and services over a set timeline, along with a robust dispute resolution mechanism to ensure implementation and enforcement. However, concerns have arisen regarding China's implementation of several of these commitments, and the Biden Administration failed to enforce the agreement.

In September 2024, USTR concluded a four-year review of the Section 301 investigation that led to the Phase One Agreement, maintaining existing Section 301 tariffs and increasing tariffs on certain strategic sectors through 2026. Should USTR initiate a second, statutorily mandated four-year review later this year, interested stakeholders will have an additional opportunity to assess the impact and application of the Section 301 tariff actions on U.S.-China trade.

Recent Developments in U.S. China Economic and Trade Relations; Managing U.S.-China Trade

In 2025, President Trump imposed global as well as China-specific tariffs on economic and national security grounds. Following these actions and subsequent U.S.-China negotiations in Geneva, London, Stockholm, Madrid, and Kuala Lumpur—culminating in a trade and economic deal between the United States and China agreed by Presidents Trump and Xi in Busan—the U.S.-China trade relationship entered a new phase. This new phase, appropriately, requires a new approach: managed trade. In further talks in Paris, Seoul, and then as part of President Trump's May 2026 visit to Beijing, the United States and China developed a new mechanism to manage the bilateral trade relationship. Announced as part of a package of outcomes from President Trump's visit,

the U.S.-China Board of Trade will be a government-to-government channel for discussions on how to optimize the trade of non-sensitive products.

The U.S.-China Board of Trade is a positive way to manage the realities of the U.S.-China economic relationship and the imperative to defend American workers and industries from negative aspects of trading with China. The American and Chinese economies function very differently and have fundamentally different objectives and guiding principles. The U.S.-China Board of Trade will function as an “adapter” mechanism to promote reciprocity, durability, and balance in the U.S.-China trade relationship. As long as China maintains its non-market policies and practices and refuses to provide reciprocal treatment to U.S. exports—such as disregard for intellectual property rights, subsidies and other industrial policies creating systemic overcapacity and overproduction in industrial sectors, diverse and deeply entrenched market access barriers, and lack of regulatory transparency—the United States likely will continue to rely on tariffs and other tools to manage trade with China. However, through the U.S.-China Board of Trade, the United States and China will consider tariff modifications on imports of an equal value of non-sensitive goods from each side, while monitoring and evaluating outcomes over time.

Specifically, under this approach, each side would identify non-sensitive products and come to agreement to modify certain non-MFN tariffs imposed by the other side. The United States envisions that additional tariffs imposed through certain U.S. authorities could be favorably modified as a result of the negotiations, provided that any modifications would not conflict with U.S. law or economic or national security interests,

and that any conditions related to tariff modifications are satisfied. Meanwhile, China would be expected to modify tariffs that it has imposed on the United States.

If such an arrangement can be negotiated successfully, the United States can monitor and evaluate certain U.S.-China trade flows based on a fixed amount of trade.

Summary

The past fifty years make clear that prior U.S. approaches to its economic and trade relationship with China have not resulted in a more fair, reciprocal, or balanced relationship, nor has that relationship been stable, durable, or mutually prosperous. Both new and long-standing U.S. tariffs have worked effectively to bring bilateral trade closer to balance. The U.S. trade deficit in goods with China fell by approximately 32% year-over-year to \$202 billion in 2025, the lowest it has been since 2004. In March 2026, the U.S. goods trade deficit with China was down 46% year-over-year. In this period of economic adjustment, the United States will maintain trade ties with China and seek to identify and promote balanced trade in non-sensitive goods by considering the modification of certain non-MFN tariffs. The United States expects that this approach will bring economic benefits to U.S. farmers, ranchers, fishermen, small businesses, manufacturers, and workers, along with their communities, as well as for those who produce non-sensitive goods in China.

To inform this new phase of engagement, USTR seeks public comment on effective ways to manage bilateral trade with China, including through the type of approach discussed above.

II. Topics on Which USTR Seeks Information

To inform its consideration of a managed trade mechanism for balance and reciprocity with China, USTR invites comments from interested parties on any or all of the following topics:

A. Product Eligibility for Potential Tariff Modification

Where applicable, products should be identified at the HS 8-digit level.

1. What types of Chinese products, or Chinese products in particular sectors, should be considered non-sensitive in that they give rise to few, if any, issues related to economic and national security and supply chain resilience risks?
2. What products of China, currently subject to additional U.S. tariffs, should the United States import at lower tariff rates, such as MFN (Column 1) rates? Please provide the average annual value of U.S. imports of those products from China in 2022-2024.
3. Which, if any, U.S. consumers would benefit from this tariff modification?
4. Which, if any, U.S. consumers would be harmed from this tariff modification?
5. Which, if any, U.S. workers or producers would benefit from this tariff reduction modification?
6. Which, if any, U.S. workers or producers would be harmed from this tariff modification?
7. For a product identified in response to question 2 above, has the tariff on that product resulted in a tariff inversion whereby the tariff is higher on a

given manufacturing input than on the downstream finished product?

(Please specify the average differential between the tariff on the component at issue and the tariff on the relevant downstream product.)

8. What is China's share of U.S. imports of each product identified in response to question 2? Please identify the product(s) and the market share.
9. Which, if any, products of the United States, currently subject to additional Chinese tariffs, should U.S. exporters be able to sell to the Chinese market at China's MFN rates? Please provide the average annual value of U.S. exports of those products to China in 2022-2024.
10. Is any product identified in response to question 9 above (a) an "agricultural product," defined as products covered by and listed in Annex 1 of the WTO Agreement on Agriculture; (b) an industrial product the export of which to China has declined significantly in recent years; or (c) a product subject to multiple Chinese tariff actions or exceptionally high Chinese tariffs?
11. Are there products that China still purchases, or would likely purchase, from the United States notwithstanding China's additional tariffs above the MFN rate? Put differently, are there U.S. products currently subject to China's tariffs above the applicable MFN rates whose exports to China have not been significantly affected by China's tariffs, or for which China appears to be reliant on U.S. exports?

B. Establishment of a U.S.-China Board of Trade

1. How frequently should the U.S.-China Board of Trade convene in order to effectively monitor the balance of trade flows (in terms of dollar value and timing) and to ensure the effectiveness of the list of products identified as non-sensitive for the purpose of the tariff modification arrangement discussed above?
2. How should the U.S.-China Board of Trade assess when, and whether, to modify the composition or scope of the identified non-sensitive products?
3. What mechanism should be established to ensure the effective sharing of trade data between the two sides to allow for optimal functioning of the U.S.-China Board of Trade?

Nothing in this notice shall be construed to impair or otherwise affect requirements and processes stipulated under applicable U.S. laws.

III. Submission Instructions

You must submit written comments in response to this notice using the appropriate docket on the portal at <https://comments.ustr.gov/s/>. To make a submission, use docket number USTR-2026-0430 entitled “Request for Comments on the Scope and Operation of a Mechanism to Promote Reciprocal Managed Trade with China.” To make a rebuttal or a response, use docket number USTR-2026-0431 entitled “Rebuttal/Response to Comments on the Scope and Operation of a Mechanism to Promote Reciprocal Managed Trade with China.” You do not need to establish an account to submit comments. The first screen allows you to enter identification and contact information. Third-party organizations such as law firms, trade associations, or

customs brokers should identify the full legal name of the organization they represent and identify the primary point of contact for the submission. Fields with a gray Business Confidential Information (BCI) notation are for BCI information that will not be made publicly available. Fields with a green (Public) notation will be viewable by the public. After entering the identification and contact information, you can complete the remainder of the comment, or any portion of it, by clicking 'Next.'

You may upload documents at the end of the form and indicate whether USTR should treat the documents as business confidential or public information. Any page containing BCI must be clearly marked 'BUSINESS CONFIDENTIAL' on the top of that page and the submission should clearly indicate, via brackets, highlighting, or other means, the specific information that is BCI. If you request business confidential treatment, you must certify in writing that the information would not customarily be released to the public. Parties uploading attachments containing BCI also must submit a public version of their comments. If these procedures are not sufficient to protect BCI or otherwise protect business interests, please contact Terry McCartin, AUSTR for China, Mongolia, and Taiwan Affairs, at Terry_McCartin@USTR.EOP.GOV or 202-395-9487 to discuss whether alternative arrangements are possible.

USTR will post attachments uploaded to the docket for public inspection, except for properly designated BCI. You can view submissions on USTR's electronic portal at <https://comments.ustr.gov/s/>.

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