

The Current Game Trend of Sino-US Rules Sovereignty from the Perspective of the Issue of Origin

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Abstract

The paper analyzes how the United States wields rules of origin—together with tariffs, export controls and procurement rules—to secure technological sovereignty, steer supply-chain realignments and shape international trade norms in its favor. It reviews the domestic and international legal foundations of U.S. ROO, traces their historical evolution and details recent policy moves directed at China. The author contends that this toolkit reflects a broader “crisis-capitalization” strategy designed to entrench an American-led global order.

Keywords

Rules of Origin, Economic Nationality, Substantive Change, Origin Washing, Rule Sovereignty, Foreign Direct Product Rules, Sovereignty Game, Techno-Colonialism

1. Introduction

Rules of origin (ROO), as a “technical threshold” in international trade, essentially allow countries to define the country of origin of goods through legal means, thereby implementing differentiated trade policies. From a legal perspective, ROOs are the legal standard for determining the “economic nationality” of goods in international trade, defining the country of origin of products. Since 2025, during the second term of the Trump administration, the implementation of ROO-related policies has far surpassed that of the first. Against the backdrop of declining globalization and intensifying technological competition among major powers, this policy trend highlights the US’s unilateral bullying through the use of

rules. It has forced the ROO to evolve from a simple tariff tool into a core vehicle for international rule-based sovereignty¹, triggering a shift in the layout of industrial chains and supply chains. Currently, ROOs are being applied in a diverse and flexible manner in practice. They are combined with other tools such as tariffs, controls and sanctions, procurement restrictions, investment and financing reviews, and technical barriers, expanding the implementation thresholds and scope of existing policy tools. This also reflects the Trump administration's strategic intent to reshape US trade advantages in the short term.

An analysis of U.S. rules of origin and their application requires a systematic methodology that integrates the legal framework, precedent, and policy dynamics. From a regulatory perspective, this primarily addresses relevant provisions at both the domestic and international levels, as well as the drivers of these provisions. At the implementation level, this primarily involves guidance documents and rulings in the U.S. Customs database. Furthermore, this extends to special origin requirements within policy instruments such as the Trade Expansion Act of 1962 and the International Emergency Economic Powers Act. In the policy realm, this primarily addresses the interconnectedness of tariff policies and dynamic tracking mechanisms (such as USTR and CBP announcements). A comprehensive analysis emphasizes the linkage between policies, regulations, and precedent, forming a three-dimensional argumentation and analysis system based on law, precedent, and policy.

2. Legal Basis and Traceability of U.S. Rules of Origin

2.1 Legal Basis

The legal basis for U.S. rules of origin primarily includes the Tariff Act of 1930, the WTO Agreement on Rules of Origin, relevant provisions in the Code of Federal Regulations (CFR), and important case law and administrative interpretations. It can be seen that the U.S. legal system regarding rules of origin exhibits a distinct dual-track nature, with its legal sources encompassing both domestic legal systems and international agreements. Among these:

1) At the domestic legal level, the core legal basis for U.S. rules of origin primarily includes Section 304 of ²the Tariff Act of 1930, which requires all imported goods to be marked with their country of origin for the purpose of determining tariff and labeling requirements; Sections 102³, 134⁴, and 177 of the Code of Federal Regulations (CFR)⁵, among others. Section 102 sets out the principles for determining non-preferential origin, Section 134 stipulates origin marking requirements for goods, and Section 177 governs country of origin determination in government procurement. The Trade Act of 1974⁶ contains relevant provisions on

¹Rule sovereignty in this article refers to a country's control over its rule system in a specific field.

²<https://www.ecfr.gov/current/title-19/chapter-I/part-102>.

³<https://www.govinfo.gov/content/pkg/COMPS-8183/pdf/COMPS-8183.pdf>.

⁴<https://www.ecfr.gov/current/title-19/chapter-I/part-134>.

⁵<https://www.ecfr.gov/current/title-19/chapter-I/part-177>.

⁶<https://www.govinfo.gov/content/pkg/COMPS-10384/pdf/COMPS-10384.pdf>.

rules of origin; and the Trade Agreements Act of 1979⁷ provides for origin requirements in government procurement rules. Furthermore, the “U.S. Rules of Origin Compliance Guide” sets out the substantive standards for the U.S. non-preferential and preferential rules of origin system. The U.S. federal courts and the Court of International Trade (and its predecessor, the Customs Court) have provided relevant precedents, among others.

2) At the international legal level, the United States has coordinated non-preferential rules of origin through its participation in the Kyoto Convention and the WTO Agreement on Rules of Origin. For example, the WTO Agreement on Rules of Origin aims to harmonize the criteria for determining non-preferential rules of origin and prevent them from becoming barriers to international trade. However, the United States maintains a high degree of autonomy in the area of preferential rules of origin. For example, the rules of origin provisions in the USMCA were entirely drafted by the United States. This differentiated legal framework allows the United States to both fulfill its international obligations and achieve its trade policy objectives through domestic law, forming the fundamental legal framework for rules of origin.

2.2. Issues Related to Execution

From a practical perspective, 1) the U.S. Customs and Border Protection (CBP) is the agency responsible for determining the country of origin. Under non-preferential rules of origin, its main basis is the “entirely acquired” principle and the “substantial change” principle, and it makes judgments based on specific cases. For example, the Tariff Act of 1930, through the tariff classification change standard, requires that the first four or six digits of the tariff code must be changed during the manufacturing process in order to be considered a change of country of origin; while the Trade Agreements Act of 1979 stipulates more specific regional value content requirements for free trade agreement goods. For example, the USMCA requires that auto parts meet the special standard of 75% North American regional value content, which aims to keep auto production in North America, promote regional cooperation and supply chain integration, and reduce dependence on suppliers in Asia and other regions. 2) The U.S. Federal Trade Commission (FTC) is the U.S. agency responsible for the identification of origin of goods. It is mainly responsible for the identification of U.S.-made goods, that is, the final and most important assembly process must be completed in the United States; all or most of the value of the product is American products. If there are foreign components, the foreign components must be “negligible”; if there are foreign components or raw materials, the relationship between the foreign components or raw materials and the final product must also be considered. The FTC’s identification conclusions will mainly be used at the level of the Buy American Act and the Federal Acquisition Regulation, which essentially forms the protection of the U.S. domestic manufacturing industry at the government procurement

⁷<https://www.govinfo.gov/content/pkg/COMPS-2961/pdf/COMPS-2961.pdf>.

level. 3) The U.S. Department of Commerce is mainly involved in the identification of the origin of imported goods in the field of trade remedies. Its assessment factors include the added value of the goods, the complexity of processing in a third country, whether the processed product is of the same type as the downstream product, the change of end use, the possibility of circumvention, etc., and it links anti-circumvention with the identification of origin. In the assessment and identification of export-controlled items, it mainly relies on the Export Administration Regulations (EAR) and related legal frameworks, and has obvious strategic and technical characteristics. The determination of “origin” in the field of export control is relatively complex. Conceptually, it mainly restricts the export and re-export of goods, software, and technology originating in the United States. The jurisdiction is very broad, including military, civilian, and dual-use items. The EAR has detailed classifications of the goods, technologies, and software it controls (i.e., the Commerce Department’s Control List, CCL), and has set up various lists for specific countries and entities (such as the Entity List, the Military End-User List, etc.). The export and re-export of controlled items to entities on the list must be approved by the BIS. Several legal points involve the issue of “origin”, such as the deemed export requirement for returning foreign equipment to its country of origin after repair in the United States. The de-minimis level stipulates that even foreign-produced products containing U.S.-origin content may be subject to the EAR. For many products, any amount of U.S.-origin content (regardless of the percentage) is subject to the EAR. For most other foreign-produced products, whether they are subject to the EAR depends on the percentage of U.S.-origin content in the total value of the product. This is calculated as follows: if the percentage of U.S.-origin content (U.S.-origin content/total product value) does not exceed 25% (or 10%), then they are not subject to the EAR. Furthermore, export controls involve the definition of U.S.-origin content value and the Foreign Direct Product Rule (FDPR), which primarily regulates items by tracing the source of technology rather than the final location of production. These factors have formed the Ministry of Commerce’s unique approach to determining “origin”. Furthermore, the United States utilizes rules of origin through trade policy tools such as Section 301 and Section 232.

In terms of preferential rules of origin in bilateral or multilateral trade agreements, the main manifestation is that the United States often adds some special clauses to the preferential rules of origin in addition to the basic principles stipulated in the WTO Agreement on Rules of Origin. This is particularly typical in the United States-Mexico-Canada Agreement (USMCA) and its predecessor, the North American Free Trade Agreement (NAFTA), and is further highlighted in the reciprocal tariffs implemented during Trump’s second term (Li, 2023).

2.3. Policy Background and Origin of Rules

The historical evolution of U.S. rules of origin exhibits distinct strategic characteristics, with their development trajectory closely tied to adjustments in U.S. trade policy. U.S. rules of origin are rooted in tariff and trade policy. The first

country-of-origin marking requirement appeared in the Tariff Act of 1890. Although the Act did not directly and in detail specify the rules for determining origin, its core purpose was to protect domestic industries by significantly increasing import tariffs. This meant that determining the origin of imported goods was crucial for implementing tariff policy, as a good's "economic nationality" determined the level of tariffs it would incur. This requirement was later codified and strengthened in the Tariff Act of 1930, whose primary purpose was to assess tariffs and implement trade restrictions. It remains the legal basis for marking the country of origin of imported goods to this day (Section 304). The policy history of this period is as follows: At the end of the 19th century, the United States' trade strategy shifted, and its domestic industrial policy turned to protectionism (Chen, 2018); the Tariff Act of 1890 was introduced, requiring imported goods to be marked with their country of origin, and requiring re-export if they did not comply, in order to control imports; the Trade Act of 1930 formally introduced the requirement for origin marking and compiled it into law, laying the foundation for the current provisions of Section 304.

Overall, the evolution of the U.S. rules of origin reflects its transformation from an economic tool to a strategic weapon. 1) In the traditional trade protectionist phase of the early to mid-20th century, the U.S. established the principle of "substantial change" through the Tariff Act of 1930, requiring that goods undergo fundamental changes in name, characteristics or use before their new origin can be determined. The rules of origin during this period were mainly used in the field of trade remedy investigations. 2) In the globalized supply chain phase from the late 20th century to the 2010s, with the entry into force of the WTO Agreement on Rules of Origin, the US introduced a dual standard of "tariff classification change" plus "regional value content" in multilateral and bilateral free trade agreements such as the North American Free Trade Agreement (NAFTA, the predecessor of USMCA), targeting the problem of tariff evasion through re-export (Li, 2023). 3) During the Sino-U.S. strategic competition phase from the 2020s to the present, the U.S. government has weaponized rules of origin, which is prominently reflected in the implementation of "reciprocal tariffs" through the International Emergency Economic Powers Act, the expansion of the scope of extraterritorial jurisdiction of export controls by superimposing foreign direct product rules, and the focus on "origin washing" through joint reviews and coordinated law enforcement and the implementation of punitive measures.

Looking at the evolution of the policy on the identification of the origin (including technology) of export-controlled items, it can also be roughly divided into the three key stages mentioned above: 1) The formative period of the export control system during the Cold War, during which the Export Control Act of 1949 and the Export Administration Act of 1979 successively refined the control standards, including foreign goods containing controlled U.S.-origin goods, foreign goods "bundled" with controlled U.S.-origin software, foreign software mixed with controlled U.S.-origin software, and foreign technology mixed with con-

trolled U.S.-origin technology; 2) During the period of global rule adjustment from the 1990s to the 2010s, international standards were established through the WTO Agreement on Rules of Origin, and the criteria for determining origin were clarified in free trade agreements such as NAFTA at the time, and derivative rules based on local and foreign content standards were made accordingly; 3) During the period of Sino-U.S. competition and strategic upgrading from the 2020s to the present, the weaponization of legal tools in the economic and trade fields such as the Export Control Reform Act of 2018, the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Regulations, the Trade Act of 1974, and the Tariff Act of 1930 was highlighted. This trend is specifically manifested in the layout of trade flows and industrial chain supply chains guided by the United States at the regulatory level, such as incorporating the concept of end-users/military end-users into technology controls, and implementing the “Foreign Direct Product Rule” (FDPR) based on the Export Administration Regulations to control traceability of third-country items produced using U.S. technology. It is also manifested in policy measures such as promoting the return of manufacturing, regionalized production, and strict investigations into “false origin”/“washing of origin”. During the second term of the Trump administration, it was highlighted as a policy layout for the return of manufacturing industries such as automobiles and semiconductor chips to the United States and/or North America.

3. The Specific Practice of Rules of Origin in the Current U.S. Economic and Trade Field

As the criterion for determining the “economic nationality” of international trade, the policy direction of rules of origin has gone beyond simple technical regulations and evolved into the core arena of rule sovereignty game among major powers. In terms of technological sovereignty, supply chain control and international rule-making power, it has demonstrated its unique fit with the superimposed application of rules in various fields. The scope of such superimposed application is still expanding, from tariffs to technology control to supply chain reshaping, rule reshaping, and so on. Since 2025, they have become a core tool used by the Trump administration in implementing its “America First” strategy.

3.1. Rules of Origin and Technological Sovereignty

In the current context of fierce competition for technological sovereignty, the United States has continuously introduced various restrictive measures (especially those targeting China), and the content of rules of origin has continued to increase. Therefore, it is increasingly important to accurately determine the origin of imported goods. Moreover, as the core role of rules of origin in implementing tariffs and sanctions continues to expand, their importance will be further enhanced if more detailed tariffs are introduced in the future. Specifically, there are currently two main types of origin: preferential origin and non-preferential origin

(Kliuyeva, 2025). Among them, 1) Preferential origin applies to situations where there is a trade agreement between the exporting country and the importing country, allowing goods to enjoy preferential tariff reductions. Under the current circumstances, preferential origin mainly involves the United States-Mexico-Canada Agreement (USMCA) in the context of US reciprocal tariffs. Goods that meet the USMCA conditions are zero tariff when imported into the United States (such as automobiles and auto parts); goods that do not meet the USMCA conditions are subject to a 25% tariff when imported into the United States. Energy products imported from Canada that do not fall within the scope of the USMCA preferential policy are subject to a 10% tariff. 2) Non-preferential origin. In most cases, non-preferential origin is the decisive factor in the implementation of tariffs, sanctions or other trade measures. In terms of tariff implementation, the U.S. Customs and Border Protection (CBP) uses non-preferential rules of origin to determine whether goods fall within the scope of application of new tariffs; in terms of sanctions and other trade measures, it mainly involves the overlapping application of de-minimis rules, foreign direct product rules, etc., expanding the extraterritorial jurisdiction of the corresponding measures. Its effectiveness includes not only personal jurisdiction and territorial jurisdiction but also property jurisdiction (such as extraterritorial jurisdiction based on foreign direct product rules)⁸.

From the perspective of technological sovereignty, the US currently primarily applies rules of origin, combined with de-minimis rules for export controls and the foreign direct product rule. This extends the rules' scope from origin tracing to technology tracing, controlling the flow of advanced technology, its software, production equipment, and related items based on current technological advantages. From this perspective, US rules of origin are complex standards used to determine whether a product is considered to originate in a specific country for trade purposes, distinguishing between preferential rules (applicable to free trade agreements (FTAs)) and non-preferential rules. The foreign direct product rule (FDPR), a specific component of the non-preferential rule, extends the scope of the measure to goods produced abroad using US components and affects goods that have undergone at least one substantial process. Among them, the rules of origin are used to determine the eligibility for preferential tariff treatment under free trade agreements or other trade programs, assess tariffs, implement trade relief measures and mark the country of origin. The origin is determined through processes such as substantial transformation, that is, the product is transformed into a new commodity with a new name, characteristics or use, or by meeting specific rules for changes in value content or tariff classification; the foreign direct product rule⁹ is a tool that expands the scope of U.S. export controls by restricting specific foreign-produced products, especially "direct products" that use controlled U.S. technology and software. It aims to prevent or restrict foreign companies from using advanced U.S. technology to manufacture specific products that

⁸<https://europeanshippers.eu/new-united-states-tariffs-and-the-renewed-importance-of-rules-of-origin/>.

⁹<https://www.ecfr.gov/current/title-15/subtitle-B/chapter-VII/subchapter-C/part-734/section-734.9>.

may threaten U.S. national security, and export or transfer them to specific destination countries or users. In recent years, the Foreign Direct Product Rule (FDPR) has become increasingly customized and expansive, shifting from its earlier, generalized approach to tailored controls targeting specific entities (such as Huawei), specific technologies (such as semiconductors), or specific countries (such as China and Russia). These include the National Security FDP Rule (applicable to specific foreign products related to national security), the FDP Rule in Footnote 1 of the Entity List (restricting Huawei-related entities from acquiring chip-related items), the Russia/Belarus FDP Rule (restricting Russia and Belarus from acquiring controlled items), and the Special FDP Rule for China (added recently to specifically restrict China's access to items related to advanced semiconductors and supercomputers). It's not ruled out that the US may further expand the scope of the FDPR in other high-tech fields, such as artificial intelligence and biotechnology. This demonstrates the US's linking of rules of origin with national security, such as its proposed restriction on ASML lithography machine exports to China to control technology diffusion in chip manufacturing. Furthermore, the FDPR is being used to impose controls on third-country companies that use US technology or software and whose products are exported to countries of concern, such as China.

3.2. Rules of Origin and Supply Chain Control

The United States' rules of origin and supply chain controls are used to determine the country of origin of products for various trade purposes, including tariff assessment, eligibility for preferential programs, and enforcement of trade laws. Some rules require substantial modification of raw materials to meet standards. It is important to note that supply chain controls extend beyond origin issues and also include mandatory inspections, tax evasion penalties, and restrictions on high-risk countries to prevent circumvention of sanctions and tariffs. In practice, supply chain controls imply stricter scrutiny, particularly of goods originating from so-called high-risk countries (such as Southeast Asia and Mexico) to prevent "origin washing" and circumvention. Control measures include mandatory inspections, such as detailed origin verification for every shipment from certain high-risk countries; penalties, such as potentially significant fines for circumvention activities; and account freezes, such as the freezing of the accounts of violating companies. Overall, the United States' control over supply chain layout through rules of origin is primarily manifested in the following ways:

1) Adjusting the supply chain based on legal standards. Taking the "substantial change" standard in origin determination as an example, according to relevant US law, the origin of an imported product is determined by its last substantial change; according to US Customs and Border Protection (CBP), this means that the product must acquire a new name, characteristics, or use that is different from its original form. Therefore, merely cosmetic changes or final assembly that do not significantly alter the basic characteristics of the product are generally insuf-

ficient to establish a new origin (Xu, 2025). CBP considers several factors when assessing substantial change, including the nature of the production process, the value added at different stages, the functionality and basic characteristics of the components and final product, marketing, and intended use. For example, for assembled circuit boards, the country of origin generally determines the circuit board assembly¹⁰; for pharmaceuticals containing a single active ingredient, the origin of that ingredient determines the product's origin¹¹; and for batteries and solar panels, the country of origin is generally the place of production of the battery (core component)¹².

Since the Sino-US trade frictions that began during Trump's first term, the US's definition of "substantial change" in origin determinations has evolved through case law, showing new trends. For example, in a 2018 CBP ruling regarding the origin of a laser printer¹³, the CBP held that the printed circuit board assembly (PCBA) and firmware constituted the printer's essential characteristics. A monochrome laser printer contained a PCB assembly assembled in Japan, but the printer was assembled in the United States. The US assembly process was insufficient to constitute a substantial change, and therefore the laser printer was determined to be of Japanese origin. In a 2020 determination regarding the origin of¹⁴ a cable assembly connecting a patient monitoring system to a sensor, the CBP determined that the Chinese-origin wires imparted the "essence" of the final product to the cable assembly, and therefore the cable assembly should be of Chinese origin. This demonstrates that the US conducts origin determinations based on the specific circumstances of each case. However, this can also lead to disagreements. For example, in a key ruling in September 2018, the CBP determined that¹⁵ Chinese-origin stators and rotors imported into Mexico for further assembly into finished electric motors met the then-current NAFTA rules of origin, and accordingly, the origin of the assembled products was determined to be Mexican. A court later ruled that¹⁶ the stators and rotors, originating in China, had not been "substantially transformed" into electric motors in Mexico, and therefore the origin of the assembled motors remained Chinese. This suggests that the determination of "substantial transformation" allows for discretion and political guidance. A March 2019 ruling by the US Court of Appeals for the Federal Circuit regarding the origin determination of Chinese solar panels introduced a new "place of assembly" standard for determining country of origin, stating that solar cells manufactured in China can be assembled into panels in other countries (regions), and solar cells manufactured in other countries (regions) can also be assembled into panels in China. Consequently, the process of assembling solar cells into pan-

¹⁰<https://rulings.cbp.gov/ruling/733690>.

¹¹https://www.ppbhk.org.hk/eng/doc/guidelines_forms/Guide_on_PRCClass_en.pdf.

¹²https://www.customsmobile.com/rulings/docview?doc_id=HQ%20H301813&highlight=9903.45%2A.

¹³<https://rulings.cbp.gov/ruling/H287548>.

¹⁴<https://rulings.cbp.gov/ruling/n309711>.

¹⁵<https://rulings.cbp.gov/ruling/H300226>.

¹⁶https://www.customsmobile.com/rulings/docview?doc_id=H313371.

els did not constitute a substantial transformation, as the Chinese solar industry had already altered its supply chain¹⁷.

2) Supply chain adjustments based on corporate compliance and risk aversion. The identification of origin is closely linked to corporate compliance and risk aversion. For example, when Chinese companies relocate processing operations to Southeast Asia, they must ensure that the local value-added ratio or process meets the “substantial change” requirement and confirm in advance whether the supply chain adjustment plan is compliant. Compliance is a crucial aspect of industrial chain and supply chain transfers under the influence of origin rules, a prominent example of which has been the recent US-China trade war over the issue of “origin washes.”

The overall situation of “origin washing”. The core definition of “origin washing” in the United States refers to the behavior of companies circumventing US tariffs and trade sanctions by changing the origin labels of goods (such as re-exporting through a third country or simple processing). The United States focuses on two types of behavior: one is “origin disguise” (Iyoha et al., 2025)¹⁸, that is, Chinese goods are labeled in countries such as Vietnam and then exported to the United States as “Made in Vietnam” to evade high tariffs; the other is “fraudulent preferential treatment”¹⁹, that is, using free trade agreements (such as RCEP) to forge documents and obtain zero tariff qualifications. The United States believes that such operations damage the fairness of local industries and threaten the security of the supply chain. The U.S. response to this issue is particularly evident in its tariff negotiations with Vietnam. The U.S. imposed a 20% tariff on general goods exported from Vietnam, but imposed a 40% punitive tariff on goods transiting through Vietnam (primarily from China), specifically targeting “origin washing” practices. The U.S. also demanded that Vietnam establish a strict certification system for origin, prohibiting practices such as “simple labeling” and “mini-processing”. Furthermore, the U.S. demanded that Vietnam’s manufacturing industry reduce its reliance on Chinese components and accelerate its de-China strategy, particularly in the electronics and semiconductor sectors. American companies like Apple and Google were required to increase the local content content of their Vietnamese factories or face trade scrutiny²⁰. This demonstrates that the US, through its tariff-focused agreement with Vietnam, directly granted the US the right to inspect “transited goods,” requiring Vietnam to cooperate in combating smuggling and trade fraud (Strangio, 2025). Meanwhile, transit countries like Malaysia and Mexico were placed under surveillance to prevent the

¹⁷<https://www.cafc.uscourts.gov/opinions-orders/17-2577.opinion.3-12-2019.pdf>.

¹⁸<https://citp.ac.uk/publications/exports-in-disguise-trade-rerouting-during-the-us-china-trade-war#:~:text=This%20practice%20allows%20exporters%20from%20the%20targeted,them%20as%20originating%20from%20a%20non%2Dtargeted%20location.>

¹⁹<https://www.bloomberg.com/news/articles/2019-06-10/vietnam-cracks-down-on-chinese-made-goods-being-shipped-to-us>.

²⁰<https://thediplomat.com/2025/06/us-pressuring-vietnam-to-downgrade-economic-ties-with-china-report/>.

emergence of alternative “origin washing” routes (Singh & Cheng, 2025). Overall, the US response to China’s “origin washing” practices involves a combination of tariffs, supply chain decoupling, and cross-border regulation.

Judging from previous practices, or rather, from China’s practices as identified by the U.S., “origin washing” typically involves repurposing the origin elsewhere. Specifically, this involves obtaining certification of origin from another country or region by changing product labels and packaging, and then exporting. Due to the US’s widespread tariff increases and import restrictions on various grounds, origin washing has become a popular strategy for foreign trade companies to expand overseas. For example, the “origin washing” practices previously mentioned in Malaysia primarily involved Chinese chip companies investing in Malaysia for packaging and testing (Singh & Cheng, 2025). Malaysia accounts for 13% of the global testing and packaging business and is a major overseas location for Chinese solar cell companies. Similar practices exist in Mexico, primarily involving steel, aluminum, and electric vehicles (Mao, 2022).

Typical practices of the United States in “washing the origin”. The first is cross-border transshipment disguise, with soybeans being the most typical example. During Trump’s second term, in order to circumvent China’s 84% punitive tariff, American soybean exporters shipped soybeans via the Mississippi River to Argentine/Brazilian ports, changed the packaging, and forged the South American certificate of origin, but did not replace the original sacks printed with the words “U.S. Farm”. The Chinese customs’ spectral detection revealed the abnormal protein content. At the same time, China Customs, together with major soybean (yellow soybean) suppliers such as Argentina and Brazil, built the world’s first blockchain traceability platform to block the United States’ “washing the origin”. The second is the re-export labeling of key minerals. After Chinese mainland banned antimony, gallium, and germanium from the United States, the United States transited through Thailand, Mexico, Taiwan region, and other places. The specific operation methods included tampering with the commodity code, that is, declaring Chinese-made antimony oxide as “alloy material” or “made in Thailand”²¹; splitting the logistics, that is, exporting in batches under the names of “iron ore” and “artwork” to circumvent customs inspection. From December 2024 to April 2025, US imports of antimony trioxide from Thailand and Mexico exceeded the combined total of the previous three years (Banik, 2025)²². Third, Southeast Asian industrial and supply chain collaboration is being whitewashed. It’s important to note that Trump 2.0’s agreement with Vietnam for full market access (zero tariffs) for US products means US goods can enter Vietnam tariff-free, while Vietnamese goods entering the US are subject to tariffs. The same applies to Indonesia, where re-exports to the US through Indonesia are subject to a 19% tariff, in addition to the US tariffs imposed on third countries. Meanwhile,

²¹<https://www.reuters.com/business/autos-transportation/how-us-buyers-critical-minerals-bypass-chinas-export-ban-2025-07-09/>.

²²<https://theseecretariat.in/article/lessons-for-india-from-china-s-rare-earth-export-ban>.

US goods also enjoy zero tariffs in Indonesia. Both Vietnam and Indonesia are major transit points for Chinese goods and are also members of the RCEP. This could have a series of knock-on effects. Tariff-free US goods entering Vietnam and Indonesia will compete with Chinese goods in those countries and with Chinese goods in other RCEP countries. Furthermore, the Trump administration's move aims to pressure these countries to fully decouple from China. These countries generally prioritize a China+1 or China+2 strategy, aiming to diversify their sourcing as much as possible. This involves Southeast Asian countries balancing their respective interests. The U.S., in particular, is seeking to plug transshipment loopholes, requiring traceability and proof of origin within fragmented supply chains, which increases compliance burdens. While the effectiveness of such measures remains to be seen, this trend warrants attention, raising concerns about the US's potential interference with established regional trade rules and order through its tariff agreements with signatories.

Use policy tools to promote supply chain adjustments in trade negotiations. U.S. tariffs on China, including reciprocal tariffs, sectoral tariffs (such as Section 232 tariffs), and Section 301 tariffs, are directly linked to rules of origin. Companies need to reduce their tax burden by restructuring their supply chains, including by shifting high-tariff links to lower-tax countries. As mentioned above, since its second term, the Trump administration has pressured Southeast Asian countries to strengthen origin management. US Customs may trace upstream in the supply chain, and companies involved in false declarations may face criminal penalties.

This demonstrates that the use of rules of origin as a policy tool manifests itself primarily in two ways: first, as a tariff lever, using rules of origin to restrict China's re-export trade, such as the increased tariffs imposed on Vietnam; and second, as a targeted supply chain shift, such as the US requiring companies to shift component sourcing to its allies, Japan, and South Korea, while simultaneously using the US-MCA's rules of origin to encourage automakers to relocate production lines back to North America (Lou, 2025). This highlights the combined use of policy tools, including the linkage of tariffs and non-tariff measures, as well as the guidance of the advance ruling system. The US Customs' advance ruling system allows any individual or company wishing to import (or export) certain products to the United States to submit a written application to CBP for an administrative determination on the application of relevant US customs laws and regulations to a specific import transaction, thereby obtaining an official, legally binding administrative ruling.

3.3. The Game between Rules of Origin and the Power to Formulate International Rules

In the current context of great power competition, rules of origin have become even more prominent as a contest for international rule-making power. For example, rules of origin in key sectors like semiconductors have been imbued with geopolitical attributes. The United States has deployed rules of origin tools across multiple policy areas, incorporating their effectiveness into diverse areas such as

industrial and supply chain restructuring, technological competition, and the transformation of the global governance system. This has made rules of origin crucial in the great power competition for rule-making power.

1) Current Status and Trends of Rule-Based Gaming: The Game between Hegemony and Counter-Hegemony in the Superposition of Tariffs and Non-Tariff Rules Is Intensifying

First, the dual-track tariff system intensifies compliance pressure. Take the tariff agreement with Vietnam as an example. The current agreements reached between the United States and Southeast Asian countries primarily involve two aspects: one is a tariff rate on locally produced goods, and the other is a higher tariff rate on Chinese goods passing through those countries (regions), creating a dual-track system. This inevitably raises issues with origin tracing. To address this, the United States has demanded that Vietnam establish a full-process traceability system to conduct thorough scrutiny of product content (such as the proportion of Chinese components). This not only increases compliance pressure on companies in countries like Vietnam, but also pressures these countries to choose sides, forcing a decoupling of their supply chains from China. Furthermore, Trump 2.0's tariffs are leveraged to penetrate countries with regional trade agreements with China. Unilateral zero-tariff full access creates competition for China's trade in the region, while also undermining established trade rules and order in the region. For example, the United States has required Vietnamese factories to provide traceability videos of Chinese electronic components, imposed tariffs of up to 3,000% on photovoltaic cell products from four Southeast Asian countries, and blocked soybean re-export routes. The United States' double standards are fully exposed, showing that while it requires third parties to provide blockchain traceability, it condones the relabeling of domestic beef through Australia and the "washing of origin" of rare earths through Mexico without accountability, etc. Trump 2.0's practice of weaponizing trade rules through tariff leverage attempts to force companies to "actively" divest from the Chinese supply chain, but at the same time, it will also encounter strong countermeasures from various countries, thereby exacerbating the fragmentation of global trade.

Scenario analysis in this situation: future competition will be further linked to technology, geopolitical dynamics, and commercial applications. For example, in the automotive industry, technological approaches will further converge, intensifying competition over standards related to areas like vehicle-road-cloud collaboration. Geopolitical competition will deepen, with the US potentially expanding its list of sensitive technologies, focusing on areas like AI and data infrastructure. Competition over commercial application scenarios will intensify, intensifying competition in high-tech fields driven by technological inclusion.

Second, it further underscores rule-based hegemony. Beyond the double standards mentioned above, the information/intelligence power the United States has established through blockchain traceability, including but not limited to data and standards, may further influence the deepening of technological competition. Con-

trol over the entire technology ecosystem and the technology traceability blockchain requires intelligence, data, and standards. Therefore, competition in these areas will intensify in the future. Meanwhile, the current international rules system, represented by the WTO, is undergoing a period of fragmentation and restructuring. On the one hand, the coordination mechanism of the Agreement on Rules of Origin under the WTO framework has failed, leading to the formation of regional rules, such as the United States-Mexico-Canada Agreement (USMCA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP). Countries are vying for control of industrial chains and supply chains through differentiated rules of origin. For example, RCEP adopts a 40% regional value content standard, while the USMCA requires that at least 75% of auto parts be produced in North America. On the other hand, there are gaps in rules in emerging sectors. For example, there is no international consensus on rules of origin in areas such as digital trade and green supply chains. The EU's Carbon Border Adjustment Mechanism (CBAM) plans to include carbon footprints in the determination of origin, essentially vying for control over the rules of the low-carbon economy (Liu, 2025). In the future, the competition for the right to formulate and dominate international rules based on origin in these emerging sectors will become even more intense.

2) Behind the rules game: highlighting the structural contradictions of the imbalanced distribution of benefits from global rules and the fragmentation of rule governance

The essence of the current rules-based game is a contest between established and emerging powers over control of supply chains and monetary dominance. The United States is attempting to curb China's industrial upgrading through technological blockades and supply chain restructuring. It is also collaborating with Western allies to concentrate rule-making power within technology alliances through strategies such as "small courtyards with high walls" and "large courtyards with iron curtains," mitigating the imbalance between developing countries' development rights and rule-based power in emerging sectors, thereby creating a structural imbalance in the distribution of global rule-based benefits. Furthermore, from the perspective of rule enforcement, the issue primarily involves double standards. As mentioned above, the United States' unilateral revision of the origin determination criteria in its Section 301 investigation against China demonstrates the discretionary and politically driven nature of rule enforcement, pushing the current international rules-based game from a simple competition for economic interests to a struggle for institutional power. The evolution of rules of origin, as the concrete embodiment of "economic sovereignty," will continue to shape the power structure of the global supply chain. Furthermore, this is reflected in the lag in rule-based governance: the existing international rules system fails to reflect the shifting power structures brought about by the rise of emerging economies, leading to fragmented governance. For example, in areas such as artificial intelligence and cybersecurity, the pace of rule-making lags far behind technological develop-

ment. The current state of this game has escalated from simple economic competition to a systematic contest covering areas such as technical standards, data sovereignty, and green rules (Zhang & Xiang, 2021). Its final result will reshape the global rule governance landscape in the 21st century.

From the US perspective, the US's plan is essentially to disrupt China's supply chain through tariffs, while China is building "data sovereignty" through technological traceability. This forces Southeast Asian countries to seek a balance in the restructuring of their supply chains. This three-way game is driving the restructuring of global trade rules. The competition over data sovereignty and standards sovereignty at each stage of this process will intensify.

4. Conclusion

Rules of origin are demonstrating a subtle yet profound impact in the current international trade rules game, with minimal impact but far-reaching consequences. Therefore, to understand and comprehend the complex dynamics of rules of origin in the current international trade and rules game, we must first understand what the United States truly wants. These are generally the following:

First, reshape the foundation of American hegemony. Through tariffs on China and global reciprocal tariffs, force the industrial chain to withdraw from China and rebuild the domestic industrial system. In terms of energy, expand oil and gas exploration to reduce inflation and cancel the electric vehicle mandate. In terms of fiscal expansion and debt transfer, expand military spending and maintain capital competitiveness at the cost of a surge in national debt.

Second, they are reshaping the global rules system. On the one hand, they are using unilateral trade sanctions and attempting to establish "customs unions" and "technology alliances," collaborating with allies to erect trade barriers against China and marginalize the WTO. They are also retaining small package taxes to suppress Chinese cross-border e-commerce. On the other hand, they are engaging in technological colonialism²³ (Hauser, 2024), including through the "Stargate" AI program, collaborating with tech giants to monopolize next-generation technology standards. They are also cutting off Sino-US cooperation in quantum computing, biological data, and other technologies, forcing third countries to take sides.

The third is to solidify the domestic power structure. On the one hand, this is done through populist mobilization, such as by deporting illegal immigrants and building a border wall, to consolidate the base of white blue-collar voters; on the other hand, it is done through excluding dissidents and concentrating executive power, particularly the current attempt to bring the Federal Reserve under its con-

²³According to Hermann Hauser, a member of the European Innovation Council, in his article on "The Rise of Techno-Colonialism", techno-colonialism (also known as scientific and technological colonialism) is different from traditional colonialism in that it seizes territory. Techno-colonialism is about controlling the technology that supports the world economy and daily life. <https://www.project-syn-dicate.org/commentary/techno-colonialism-defines-us-china-rivalry-by-hermann-hauser-and-hazem-danny-nakib-2024-08>.

trol; and on the other hand, it is done through ideological reshaping, abolishing progressive policies, denying gender diversity, and restoring traditional family values and fossil fuel hegemony.

Fourth, geopolitical conflicts are being instrumentalized. First, ceasefire negotiations in the Russia-Ukraine conflict aim to disengage from the situation and respond to challenges posed by China; second, the Middle East issue aims to control oil pricing; and third, the Indo-Pacific strategy (although India may be “off the table” for now, Japan and South Korea still have a role to play) is being used to engage in regional influence operations to curb China’s regional dominance.

From this perspective, the essence of the United States (regardless of which party is in power) in pushing for the reshaping of rules is a strategy centered on “crisis capitalization²⁴.” By creating internal and external conflicts (immigration crises, trade wars, and technological cold wars), the state apparatus is transformed into a tool to serve the global expansion of monopoly capital. The ultimate goal is to establish a new capitalist order dominated by the United States. From the perspective of the impact of the rules themselves, for Chinese exporters, the main issues involved are high tariff barriers and third-country processing risks under non-preferential rules; for the United States’ allies, the main issues involved are differentiated treatment based on preferential rules and policy tool exemptions of free trade agreements; for third-country exporters, the main issues involved are supply chain restructuring dividends and compliance review issues.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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²⁴“Crisis capitalization” is not a universal economic concept. It is understood here as converting risks or non-performing assets into capital through various means during a crisis, such as debt capitalization, securitization of non-performing assets, etc., or taking advantage of the crisis period to acquire assets at low prices to create new capital advantages.

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