

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

WEDNESDAY, JULY 2, 2025 ~ VOL. CCLXXXVI NO. 2

WSJ.com

★★★★ \$5.00

DJIA 44494.94 ▲ 400.17 0.91% NASDAQ 20202.89 ▼ 0.8% STOXX 600 540.25 ▼ 0.2% 10-YR. TREAS. ▼ 6/32, yield 4.250% OIL \$65.45 ▲ \$0.34 GOLD \$3,336.70 ▲ \$42.30 EURO \$1.1808 YEN 143.41

What's News

Business & Finance

- ◆ **Chinese AI companies** are loosening the U.S. global stranglehold on the technology and setting the stage for a global artificial-intelligence arms race. **A1**
- ◆ **Two Chinese AI chip** companies aim to raise a combined \$1.66 billion through initial public offerings, as China steps up efforts to achieve chip independence. **B3**
- ◆ **Powell said steady** economic activity gave the Fed time to study the effects that tariff increases have on prices and growth before it resumes interest-rate cuts. **A2**
- ◆ **Tech stocks fell**, weighing on the S&P 500 and Nasdaq, which declined 0.1% and 0.8%, respectively, while the Dow industrials rose 0.9%. **B13**
- ◆ **The rate of job openings** per worker in the U.S. economy grew in May, and other indicators showed a relatively stable labor market. **A2**
- ◆ **Boeing named** Stephen Parker president and chief executive of its defense, space and security business, removing the interim tag he carried since September. **B3**
- ◆ **AMC said it struck** agreements with creditors for new and restructured financing and to settle litigation brought by a group of bondholders. **B3**
- ◆ **Court-appointed** liquidators filed a \$2.7 billion lawsuit against Standard Chartered Bank, alleging its involvement in the Malaysian 1MDB scandal. **B2**
- ◆ **The U.K.'s antitrust** regulator cleared insurer and asset manager Aviva to move forward with its takeover of smaller peer Direct Line. **B3**

World-Wide

- ◆ **The Senate passed** Trump's tax-and-spending bill after a long night of Republican dealmaking to win over holdouts that ended with a tiebreaking vote cast by the vice president. **A1, A4**
- ◆ **The Trump-Musk feud** flared again, with the Tesla chief attacking the tax-and-spending bill and the president threatening to use government power to punish his former adviser. **A1**
- ◆ **California lawmakers** rolled back a stringent environmental law that its critics have blamed for impeding development in the state, including much-needed housing. **A3**
- ◆ **Satellite images show** that Iran has built a new access road at its Fordow uranium-enrichment site, the underground nuclear facility damaged by a U.S. air attack in June. **A6**
- ◆ **Iran is suspected of** collecting information on Jewish targets in Berlin to prepare for possible attacks after the arrest of an alleged spy working for Tehran. **A6**
- ◆ **The U.S. has stopped** delivery of air-defense interceptors and other weapons intended for Ukraine. **A7**
- ◆ **The University of Pennsylvania** will revoke winning records of a transgender swimmer who competed for the school and apologize to affected female swimmers, the Education Department said. **A3**
- ◆ **Thailand's Constitutional** Court suspended Prime Minister Paetongtarn Shinawatra pending deliberations about her handling of a border crisis with Cambodia. **A7**
- ◆ **Died: Jimmy Swaggart**, 90, fallen televangelist. **A2**

CONTENTS		Opinion.....	A13-15
Arts in Review.....	A11	Personal Journal A9-10	
Business & Finance B2-3		Property Report.....	B8
Crossword.....	A12	Sports.....	A12
From Page One.....	A8	Technology.....	B4
Heard on Street..	B14	U.S. News.....	A2-4
Markets.....	B13	World News.....	A6-7



© 2025 Dow Jones & Company, Inc. All Rights Reserved

Senate Passes President's Megabill



Senate staffers and members of the media view the sunrise Tuesday on the steps of the U.S. Capitol after senators spent a long night wrangling over the tax-and-spending bill. The Senate passed the measure 51-50, sending it back to the House.

Razor-thin vote on tax, Medicaid cuts sends measure back to GOP-led House

WASHINGTON—Republicans squeaked President Trump's tax-and-spending megabill through the Senate on Tuesday, capping a long night of dealmaking to win over holdouts and ending with a tiebreaking vote from Vice President JD Vance.

By Richard Rubin, Lindsay Wise and Jasmine Li

The Senate's 51-50 action puts Republicans on the verge of locking in Trump's top legislative priorities—extended tax cuts, new tax breaks, reductions in Medicaid spending and more money for border enforcement and defense. They are using their full but narrow control of Congress to pull money from safety-net programs and the clean-energy industry and redirect it to national security and taxpayers' wallets.

The Senate passed the measure with no votes to spare, following a similar 215-214 nail-biter in the House in May. The bill now returns to the House, where Trump and Speaker Mike Johnson (R., La.) will need to keep boisterous GOP critics of the bill in line to meet the president's self-imposed Friday deadline. Any changes would require another Senate vote, and Johnson said he wasn't happy with some Senate alterations.

Senate Majority Leader John Thune (R., S.D.) described the vote as an "extraordinary moment."

Please turn to page A4

Trump-Musk Quarreling Reignites

By MERIDITH MCGRAW

WASHINGTON—The feud between President Trump and billionaire Elon Musk reignited this week, with the billionaire Tesla chief executive attacking Republicans' "big, beautiful bill" and pledging to start a new political party, and Trump threatening to use the power of the federal government to punish his former adviser.

Ahead of Senate passage of Trump's signature legislation, Musk, in a volley of social-media posts, argued the bill was fiscally irresponsible and said he would back primary challenges to Republican lawmakers who supported the legislation. "Every member of Congress who campaigned on reducing government spending and then immediately voted for the biggest debt increase in

history should hang their head in shame!" Musk wrote on X, his social-media platform, on Monday. "And they will lose their primary next year if it is the last thing I do on this Earth." Later, he said he might form a new political party, called the America Party, "so that the people actually have a VOICE."

Trump, early Tuesday morning, hit back at Musk,

who for months led the administration's Department of Government Efficiency cost-cutting effort. The president, writing on Truth Social, raised the prospect that he could eliminate contracts and other benefits that the federal government gives to

Please turn to page A4

◆ Onetime rivals Trump and DeSantis reunite..... A3

◆ Tillis's stand sped up exit announcement..... A4

China Is Quickly Gaining In AI Race

By LIZA LIN, RAFFAELE HUANG AND JOSH CHIN

Chinese artificial-intelligence companies are loosening the U.S.'s global stranglehold on AI, challenging U.S. superiority and setting the stage for a global arms race in the technology.

In Europe, the Middle East, Africa and Asia, users ranging from multinational banks to public universities are turning to large language models from Chinese companies such as startup DeepSeek and e-commerce giant Alibaba as alternatives to U.S. offerings such as ChatGPT.

HSBC and Standard Chartered have begun testing DeepSeek's models internally, according to people familiar with the matter. Saudi Aramco, the world's largest oil company, recently installed DeepSeek in its main data center.

Even major U.S. cloud-service providers such as Amazon Web Services, Microsoft and Google offer DeepSeek to customers, despite the White House banning use of the company's app on some government devices over data-security concerns.

OpenAI's ChatGPT remains the world's predominant AI consumer chatbot, with 910 million global downloads compared with DeepSeek's 125 million, figures from researcher Sensor Tower show. The U.S.'s AI is widely seen as the industry's gold standard because of advantages in computing semiconductors, cutting-edge research and access to financial capital.

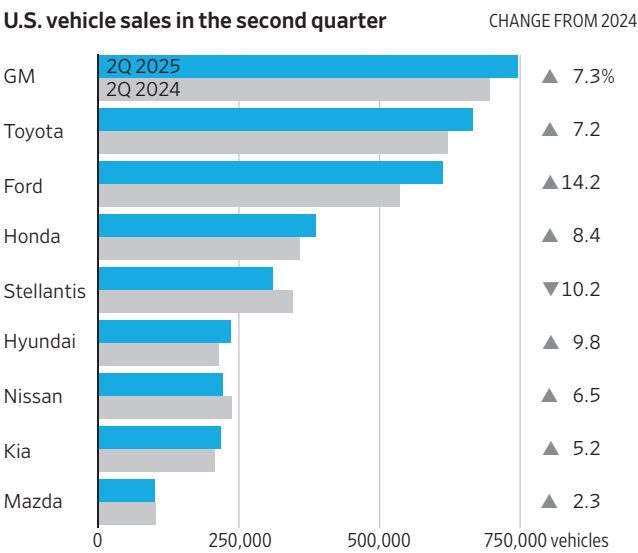
But as in many other industries, Chinese companies have started to snatch customers by offering performance that is nearly as good as vastly

Please turn to page A7

◆ Hollywood wants AI protection..... B1

Car Industry Had Brief Bump

Many automakers saw big gains in the early spring as buyers rushed to beat Trump tariffs, but new-vehicle retail sales were set to drop in June to the slowest pace in a year. **B1**



Trade Deals Prove Hard to Strike

Difficult talks with Japan and other nations cast doubt on tariff deadline

By GAVIN BADE AND BRIAN SCHWARTZ

After failing to cut a trade deal with Japan following weeks of talks, Commerce Secretary Howard Lutnick and U.S. Trade Representative Jamieson Greer decided to turn up the pressure.

When Japanese officials arrived in Washington in late May, Lutnick and Greer warned them that if the two sides couldn't work out an

agreement soon, the conversations might start shifting from easing the tariffs President Trump had recently imposed toward additional punitive measures, according to people familiar with the matter. The Americans said they might demand a cap on the number of vehicles Japan could export to the U.S.—a policy known as a voluntary export restriction.

But the Japanese officials

Please turn to page A8

Florida Hosts Worst Housing Market in U.S.

By DEBORAH ACOSTA

CAPE CORAL, Fla.—They came in droves via Zoom.

Thousands found an inexpensive slice of paradise in Cape Coral, a city with more canals than anywhere else in the world. House hunters were so taken with this boating community on Florida's west coast

that many purchased homes sight unseen during the early years of the pandemic.

The median home price soared nearly 75% to \$419,000 in three years, transforming the character of this middle-income community that for decades has catered to retirees and small investors.

Now, three years later, "For

Sale" signs line every other block. Open houses are deserted for hours. Foreclosures are ticking up. Home builders are listing half-built shells at discounts as they abandon projects to cut losses. Locals said the lack of traffic has led to an increase in vehicles speeding through empty residential streets.

"Cape Coral is the worst housing market in America right now," said José Echevarria, a Realtor. "I don't think we're at the bottom yet."

Home prices for Cape Coral-Fort Myers have fallen 11% in the two years through May, the most of any major metro area, according to an analysis for

Please turn to page A2

Business Is Booming for Brazil's Four-Legged Pet Detectives

Following the trail of Zen, the nervous mutt; 'let's go find that crazy little dude'

By SAMANTHA PEARSON

SÃO PAULO—Moana, an 8-year-old bloodhound with jowls like velvet drapes and ears so big they sweep the ground, is trained to track missing people, helping Brazil's police solve homicide cases.

But these days her targets are furrier. Her latest mission: finding a small, anxiety-ridden mutt named Zen.

Zen had bolted during an

altercation with another dog at a park in an upscale neighborhood of São Paulo while out on a stroll with his dog walker. His distraught owners did what any wealthy Brazilians would do: They called the pet detectives.

In pet-mad Brazil, search dogs like Moana and her sidekick, Google, moonlight as private detectives, hunting down everything from lost cats to

Please turn to page A8

INSIDE



BUSINESS & FINANCE
Food manufacturers try to lure stretched consumers with smaller-size options. **B1**



SPORTS
Aldrich Potgieter's ability to smash the ball makes a hot prospect in golf. **A12**