



**THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY'S  
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*PRESENTS*

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**U.S.-CHINA NEXT GENERATION WORKING GROUP:  
REFLECTIONS AHEAD OF THE UPCOMING 2026 LEADER SUMMIT**

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## **Priorities for Sustaining Stability in U.S.-China Relations**

Amanda Hsiao, *Eurasia Group*

The US and China have entered a tactical truce that is likely to deliver relative stability for the remainder of 2026. After multiple rounds of chicken last year, involving escalating tariffs to rates that were trade-prohibitive and leveraging sweeping export controls that would have paralyzed global supply chains, both governments recognize the pain that the other side can still impose on their economies, and the dependencies that still bind the development of the two countries.

Strategic competition remains the driving dynamic of the bilateral relationship. Stability this year is likely precisely because Washington and Beijing see the current truce as useful for fortifying themselves for the next round of competition. The détente affords both sides the space and time to reduce dependencies that currently limit policy options for each side and to build new points of leverage to constrain the other in the future. The US will seek to find alternate supply chains for processed rare earths, while China will seek to innovate out of its reliance on advanced tech from America.

Stability is likely also because it is the current preference of both Presidents Xi and Trump. Trump is treating China as a major power peer working alongside the US and has held back new export controls and delayed shows of support to Taiwan that would irk Xi. Momentum for stability will largely be maintained through leader-to-leader engagements—three more are expected after Trump’s May visit.

Despite momentum, the upcoming summit is unlikely to produce major deals that erode the competitive core of the relationship. The two sides have not engaged in sufficient preparation prior to the summit to flesh out the details of a significant deal. And while temporarily pulling back on hostile actions toward the other may be seen as politically sellable and strategically rational, the perceived political and strategic cost of a bargain involving major concessions from both sides is likely too high for either side to bear.

Beijing sees in Trump an opportunity to restructure aspects of the relationship—namely, tech and Taiwan—but is unlikely to put enough on the table to secure such deals because of the expectation that Washington will eventually revert to competitive actions. Despite Trump’s openness, Beijing has shown ambivalence toward purchasing H200 chips partly out of a concern that doing so will create new national security vulnerabilities for China. And while Beijing hopes that Trump will change declaratory policy on Taiwan, it is unlikely to offer anything of consequence in return, again because of concerns over the durability of America’s stance.

For its part, the Trump administration will likely be deterred from pursuing a bigger deal because of concern within the bureaucracy and Congress over the national security implications. Congress has steadily signaled its opposition to the sale of more advanced chips to China and has, in the

run-up to the summit, introduced a slew of bills aimed at closing loopholes that are seen as allowing China to catch up to the US on AI. And while Trump likely sees Taiwan as a valuable card to play in dealings with Xi, he has shown a consistent disinterest in wading in on the issue. The administration is unlikely to meaningfully dilute its security cooperation with Taiwan, which has accelerated under the Trump administration.

The likely lack of meaningful outcomes from the summit underscores the fragility underlying the current calm. The positions of the US and China remain far apart across sensitive issues, and distrust of the other pervades both bureaucracies. While a leader-driven détente is the shortest path to stability, it also means that the relationship could quickly return to volatility at a leader's whim. Ongoing efforts to expand the arsenal of regulatory and legal weapons at each side's disposal – for instance, China has recently institutionalized tools that can be used to dissuade foreign companies from derisking from Chinese supply chains– will not only invite distrust but may cause a return to miscalculation and misperception as to who has the upper hand. Geopolitical turmoil – in Venezuela and now the Middle East – will create new friction points that may eventually spill over into the bilateral relationship.

The US and China should use the upcoming summit to institutionalize additional channels of communication that can help insulate the relationship from unintended escalation in both the economic and political-security realms, to ensure that competition remains managed. The resumption of a strategic channel similar to the one steered by Jake Sullivan and Wang Yi during the Biden era can help the two governments exchange perceptions and address concerns over current and emergent geopolitical issues, including the Iran war and its global economic impact, the Ukraine conflict, the Trump administration's implementation of the Donroe Doctrine, and tensions over Taiwan that are likely to rise in the lead-up to elections in 2028.

The two governments should also identify the public signaling and inter-government coordination that is needed on both sides to ensure that people-to-people exchanges, including for tourists and students, can take place safely and predictably. The reopening of the consulates in Houston and Chengdu, closed during the first Trump term, would send a strong positive signal that the two governments see the importance of continued ties without involving major concessions.

Finally, the US and China should recognize that the sustainability of any deals that emerge over the course of the year's engagements will be judged by whether it meets the national interests of both sides. Deals perceived as overly one-sided or serving only short-term, parochial interests may generate backlash likely to produce more—not less—instability for the relationship in the medium term. The two governments should look toward incremental progress in areas of low sensitivity, rather than big, flashy deals that can put the relationship in a more precarious position under the next administration.

## Symbolic Summit Carries Vital Political Meaning

Su Liuqiang, *Shanghai Institutes of International Studies*

President Donald Trump, often characterized as a "businessman president," is set to visit China with clear commercial objectives at the forefront. His core mission is to secure a trade deal that allows him to return home with tangible victories—demonstrating to the American people that he has delivered concrete benefits. His likely wish list centers on the "three Bs": **Beef, Boeing, and Beans** (soybeans). He will also be looking for Chinese assurances on rare earth supply and a commitment to continue cooperation on fentanyl control.

Conversely, Beijing's agenda centers on the "Three Ts": **Trade, Technology, and Taiwan**. China hopes Washington will address bilateral tariff issues, ease high-tech export controls, provide fair market access for Chinese enterprises, and exercise restraint regarding arms sales to Taiwan to avoid emboldening separatist forces.

However, based on the outcomes of the recent Paris talks between economic teams, the prospects for a comprehensive agreement appear dim. While China may be willing to accommodate U.S. demands regarding purchases, rare earths, and fentanyl, Washington seems unlikely to meet China's core requests. Consequently, it is difficult for Beijing to concede to an imbalanced or inequitable trade arrangement.

In the short term, a final resolution on tariff rates remains elusive. This summit will most likely result in another extension of the existing tariff pause. Meanwhile, America's technological decoupling continues unabated; a bipartisan group in Congress introduced the MATCH Act in April, which would escalate semiconductor equipment export controls against China. Although President Trump personally may welcome Chinese investment, such capital flows are increasingly politicized and securitized in the U.S., making any promises difficult to implement. Ironically, while Washington has long demanded market openness and fair competition from Beijing, Chinese firms now face significant headwinds in the U.S., including a lack of reciprocity in market access, trade barriers in key sectors, expanding export controls, and restrictive economic security and data regulations. Furthermore, given the powerful pro-Taiwan lobby within the United States, President Trump's room for maneuver on arms sales to the island is severely limited.

Cooperation on Iran and Ukraine bears watching. Reopening the Strait of Hormuz aligns with the interests of both nations. China played a constructive role in facilitating the previous ceasefire between the U.S. and Iran, and some scholars hope for a similar understanding during this visit. Additionally, both Beijing and President Trump favor peace negotiations between Russia and Ukraine. Notably, with Russian President Vladimir Putin also scheduled to visit China soon, there is speculation about whether a trilateral understanding among the great powers could emerge from this diplomatic window.



Despite the likelihood of limited substantive breakthroughs, the visit carries vital political significance. It sends a clear signal to domestic audiences and the world that both sides seek to maintain stability and avoid creating new flashpoints. Given the prevailing atmosphere of hostility toward China in Washington, President Trump's visit will send a new, positive political signal regarding China to domestic American audiences.

This trip will help consolidate the momentum of engagement. History shows that high-level contact grinds to a halt without the impetus of presidential diplomacy. President Trump's visit, followed by President Xi's planned trip to the U.S., will encourage continued dialogue across economic, diplomatic, and military channels. Moreover, it may encourage more American officials and citizens to visit China. According to the *South China Morning Post*, Republican Senator Steve Daines is leading a five-member bipartisan delegation to China ahead of the May summit.

Fairly speaking, one should not expect this visit to resolve the intricate web of Sino-American contradictions. Achieving substantive results will require far more frequent interaction between working-level teams. The one-month delay in President Trump's visit—partly attributed to the Iran conflict—also reflects inadequate preparation; unlike past visits where Secretaries of State or other senior officials paved the way, the only prior engagement was the hurried Paris meeting. Given the limited bandwidth of national leaders, it may be necessary for both sides to appoint dedicated senior deputies focused solely on managing the bilateral relationship.

## Great Power Rivalry, Shared Responsibilities

Sun Chenghao, *Tsinghua University CISS*

The coming year could prove consequential for China–U.S. relations. With multiple leader-level meetings expected, both sides will have a chance to stabilize ties. Yet most debates remain focused on trade disputes, technology controls, and regional crises. What is missing from these debates is just as important: global governance, where cooperation remains not only possible but necessary.

Many observers assume that such cooperation is no longer realistic. The prevailing view holds that the current U.S. administration approaches global governance in largely unilateral or transactional terms, leaving little space for sustained coordination with China on global governance. There is some truth in this assessment, but it is half the picture. Strategic competition has intensified, yet it has not eliminated the structural conditions that continue to make cooperation unavoidable.

The case for cooperation, in fact, proves more resilient than current debates suggest.

Global challenges are not receding; they are becoming more complex and more deeply interconnected. Climate change, pandemic risks, food insecurity, and the governance of emerging technologies all operate across borders and increasingly interact with one another. Recent crises, including instability in the Middle East and disruptions in global supply chains, have exposed the fragility of the international system. These are not problems that any single country, however powerful, can manage alone.

At the same time, China and the United States remain central to any meaningful response. Their combined economic weight, technological capabilities, and political influence ensure that many global initiatives cannot succeed without their participation. This is particularly evident in areas such as artificial intelligence, where both countries operate at the technological frontier and shape the direction of global development. Other states, including many in the Global South, continue to expect both Beijing and Washington to provide public goods and a degree of stability, even as they seek to avoid alignment with either side.

There is also a subtler dynamic at work. Despite persistent mistrust, both sides continue to hold implicit expectations of one another. Occasional U.S. references to a G2, however loosely defined, reflect an underlying recognition of shared responsibility. China, for its part, has consistently rejected any framework that implies spheres of influence, yet it has also emphasized that major powers should act commensurate with their capabilities. The disagreement is real, but narrower than it often appears. It concerns how cooperation should be framed, not whether it is necessary.

What emerges is a form of cooperation that is functional rather than ideological. It does not require alignment on values, nor does it depend on the revival of comprehensive engagement.

Instead, it rests on a more limited but durable premise: certain global risks cannot be effectively managed without at least some degree of parallel action by both sides.

The more difficult question is where such cooperation might begin.

One promising area, though still underdeveloped, lies at the intersection of artificial intelligence and nuclear. This domain illustrates both the scale of emerging risks and the possibility of incremental progress. Advances in AI are beginning to reshape the foundations of strategic stability. They accelerate decision-making processes, increase reliance on automated systems, and introduce new pathways for misperception or unintended escalation.

Against this backdrop, even limited areas of agreement take on greater significance. China and the United States have both affirmed a basic principle: decisions over nuclear weapons must remain under human control. This is a narrow point of convergence, but it is nonetheless meaningful in the current strategic environment.

A further step would be to extend this emerging consensus beyond the bilateral level. China and the United States could engage other nuclear states in shaping basic principles for the AI–nuclear nexus, particularly those related to human control and escalation risks. While neither side is likely to endorse a formal “G2” framework, such coordination would, in practice, position them as joint agenda-setters in a domain where global governance remains fragmented.

This approach would also serve both countries’ interests. China has consistently emphasized the role of major powers in providing leadership in global governance, while the United States, under the current administration, has an incentive to portray itself as favoring restraint and peace over open-ended confrontation. Cooperation in this area, therefore, reflects not only shared risks but also converging, although differently framed, strategic objectives.

The same logic extends beyond the AI–nuclear nexus. Climate governance stands as an obvious example, where past China–U.S. cooperation has had global effects. Public health, particularly in the context of pandemic preparedness, offers another area where coordination is both necessary and feasible. Even in more contested domains such as digital governance, there remains space for dialogue on risk management and technical standards, especially as fragmentation accelerates.

None of this implies a return to earlier phases of engagement. The broader relationship has changed, and competition will remain one of its features for the foreseeable future. Cooperation, where it occurs, will be selective and limited. Yet it does not need to be comprehensive to matter. In a fragmented international system, even narrow forms of coordination can have stabilizing effects.

This is the point that is often overlooked. Rivalry and interdependence are not mutually exclusive. They coexist, often uneasily, within the same relationship.

China–U.S. relations are entering a more contested phase, but both countries remain central to the functioning of the global system. Their actions, or their failure to act, will continue to shape



global outcomes. In this sense, global governance is not a secondary concern. It is a structural necessity.

The anticipated summit will not resolve the deeper tensions between Beijing and Washington. Nor should that be the expectation. What they can do, however, is create space for more pragmatic engagement, not through sweeping agreements, but through targeted, issue-specific cooperation.

That may seem modest, particularly in the context of intensifying rivalry. But in a period of growing uncertainty, such modest steps may prove both realistic and indispensable for providing global stability.

## **The Interdependent AI Frontier Requires a U.S.-China Responsibility Framework**

Susan Thornton, *National Committee on American Foreign Policy*

Artificial intelligence, we are told, is the biggest technological disruption of our time, perhaps of all time. We are also told, and can assess for ourselves, that American companies are rocketing ahead on innovation while government regulation in the U.S. is being kept at bay, in part or whole thanks to “the race with China.” AI is not developing along a geographical “Iron Curtain” divide, however; in AI, like in so much else, globalization is here to stay. Its advancement will depend on multinational researchers, multinational data sets, interdependent supply chains, multinational companies with many partners and multinational agreements among governments to assure AI’s benefits to humans and to constrain its negative outputs. It will simply not be possible to pursue a Cold War-like divide in AI development.

In the U.S.-China relationship, AI development will certainly be the subject of competition. In this competition, in which the U.S. has first-mover and other advantages, it is reasonable to husband these advantages through effective controls on the most cutting-edge technology developed by U.S. firms. There are, of course, arguments over what is effective, and the challenge of doing so in a fast-moving, profit-driven globalized industry are significant. This will continue to be a point of U.S.-China friction. It will be made much more difficult in a climate of heightened mistrust and poor bilateral relations.

But the risks for humanity of AI development are so high that the two leading governments, the U.S. and China, must engage on matters of critical AI safety and guardrails to prevent catastrophic outcomes. These include not only the potential for AI-directed military attacks, but for severe disruptions to employment and societal functioning, violations of privacy, the blurring of reality and the emasculation of humanity. The U.S. and Chinese approaches to AI safety are divergent; one is “laissez faire,” the other reflects determined state control. Both approaches have their advantages from the two national perspectives, but neither sufficiently prioritizes the full range of safety concerns. Consultation among the two governments regarding these concerns can produce guardrails that would increase confidence and protect against catastrophic risks.

Until now, it has been extraordinarily difficult to convene U.S.-China AI discussions due to low trust and the sensitivity surrounding the AI competition. The bottom line for both U.S. and Chinese governments, however, is that they must do everything possible to avoid conflict. Until now, this has driven the relationship back toward stability in times of crisis and has lent impetus to bilateral discussions over the issue of AI-driven nuclear attacks. These initial discussions produced the 2024 statement by President Biden and President Xi that a human should be “in the loop” in any decision to launch nuclear weapons. This is a positive, but very incomplete start to much-needed order-making around AI.

With the visit by President Trump to Beijing on the horizon, the two sides should determine to do much more to establish a “Framework for AI Safety” that reaffirms and goes beyond past explorations. China sees the U.S. government as racing ahead with few constraints on, or perhaps even little control over or knowledge of the AI systems being contemplated for military use. This may be self-serving as China is behind, but it is also destabilizing. Better understandings of how the two militaries are incorporating AI into nuclear modernization programs will be essential to avoid an escalating security dilemma and to make “human-in-the-loop” pledges match reality. Incidents involving unmanned autonomous vehicles have increased in frequency in the western Pacific, and AI systems will increase the risk of escalation in such incidents. Discussion of these systems and their controls should precede a crisis; crisis management protocols are more necessary than ever, yet still elusive.

Other AI threats that should be subject to U.S.-China official discussions include AI-driven shocks to or attacks on national or global financial systems. Communications, protocols and circuit breakers should be well-established to routinize responses and dispel panic in cases of AI-prompted economic incidents. The U.S. and China could share AI safety measures for financial systems and commit to specific measures to try to prevent private AI actors from sowing financial panic.

Another area, which is more difficult but just as fraught with potential for disruption and conflict is AI-driven activity to coercively interfere with domestic decision-making. Such activity is illegal under international law but will present new dangers and difficulties in the age of AI. The U.S., with its more open system, is vulnerable; although U.S.-China interaction on this issue would be difficult, they should aim to set guardrails on such activity. Sharing best practices on AI safety and mutual learning from regulatory efforts would start to build more trust in an area that has become a dangerous source of escalation in the relationship.

The goal of increasing transparency and learning between the U.S. and China on AI efforts in these areas is not to undermine competition; competition will continue. Given the existential dangers of AI in the U.S.-China context, however, this competition must be constrained by guardrails. Otherwise, we will both go over the cliff.

## **Beyond the AI Race: Reframing U.S.-China Relations in an Age of Uncertainty**

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In recent years, artificial intelligence has moved to the very center of U.S.–China relations. Once seen primarily as a driver of economic growth and technological progress, AI is now increasingly framed through the lens of strategic competition. The language of a “race”—to build more powerful models, to secure compute advantage, to dominate the future of intelligence—has become a defining feature of bilateral discourse.

But this framing is not merely rhetorical. It is reshaping how policymakers, industries, and publics in both countries understand the relationship itself. And in doing so, it risks pushing U.S.–China relations further into a cycle of mistrust at precisely the moment when cooperation is most needed.

### **The Problem with the “AI Race” Narrative**

The idea of an “AI race” is intuitively appealing. It simplifies a complex technological landscape into a familiar geopolitical storyline: two major powers competing for leadership in a transformative domain. Yet this narrative is deeply misleading—and potentially harmful.

First, it obscures the fundamentally interconnected nature of AI development. Despite growing efforts at technological decoupling, the AI ecosystem remains globally embedded. Supply chains, talent flows, research collaboration, and open-source communities continue to span national boundaries. Even the most advanced systems are the product of cumulative, transnational innovation. Framing AI as a zero-sum competition ignores this reality and risks undermining the very foundations of innovation.

Second, the “race” narrative creates incentives that are misaligned with safety and governance. When technological advancement is framed as a competition to be won, speed becomes the priority. In such an environment, transparency is reduced, information-sharing becomes politically sensitive, and cooperation on risk mitigation is deprioritized. The result is not only duplication of effort, but also an increased likelihood of blind spots in managing emerging risks.

Third, and perhaps most concerning, the narrative amplifies mistrust. In an already fragile bilateral relationship, the idea that one side’s technological gain necessarily comes at the expense of the other reinforces suspicion. It encourages policymakers to interpret even defensive or precautionary measures as offensive or strategic moves. Over time, this dynamic can become self-reinforcing, narrowing the space for dialogue and cooperation.

### **A Changing Risk Landscape—and a New Escalation Dynamic**

While the discourse becomes more competitive, the nature of AI-related risks is evolving in the opposite direction—toward greater interdependence.

Today’s most pressing AI challenges are not confined to national borders. They are systemic, cross-domain, and increasingly global in their impact. The convergence of AI with other high-risk domains illustrates this clearly.

In cybersecurity, AI is accelerating both offensive and defensive capabilities, lowering the barrier for sophisticated attacks while increasing the speed and scale at which they can be conducted. In the biological domain, advances in generative models raise concerns about the accessibility of dual-use knowledge. At the same time, the proliferation of AI tools is expanding the capabilities of non-state actors, from disinformation campaigns to potential misuse in critical infrastructure contexts.

In the age of AI, system failures—whether due to technical error, model hallucination, data bias, or unintended interactions—may no longer be easily distinguishable from deliberate action. A malfunctioning system could be interpreted as a coordinated attack. An unintended output could be seen as a strategic signal. A technical glitch could trigger political suspicion.

In a context of low trust, the ambiguity inherent in AI systems creates a dangerous possibility. What is, in fact, a failure may be perceived as intent.

This blurring of the line between accident and intention increases the risk of misinterpretation and escalation. And unlike traditional domains, where attribution can take time, AI-enabled systems operate at speed—compressing the window for assessment and response. This dynamic makes trust not just desirable, but essential for stability.

### **Trust Deficit as the Core Constraint**

If the need for cooperation is clear, the obstacle is equally evident: a profound deficit of trust.

U.S.–China relations are currently characterized by strategic suspicion, competing threat perceptions, and limited communication channels in sensitive domains. In such an environment, even well-intentioned proposals for cooperation can be viewed through a lens of strategic competition.

The “AI race” narrative exacerbates this problem. It frames the relationship in adversarial terms, making it politically difficult to pursue cooperative initiatives without appearing to concede advantage. As a result, trust is not only low—it is becoming harder to rebuild, even as it becomes more necessary.

### **Reframing Cooperation: From Grand Bargains to Incremental Steps**

In this context, calls for sweeping cooperation frameworks may be unrealistic. What is needed instead is a more modest, but potentially more effective, approach: incremental trust-building through practical cooperation.

History offers useful lessons. During the Cold War, even at the height of geopolitical rivalry, the United States and the Soviet Union were able to establish mechanisms to manage shared risks. These included communication hotlines, arms control agreements, and confidence-building measures designed to reduce the risk of miscalculation.

AI governance, while different in many respects, may benefit from a similar logic. Rather than aiming for comprehensive agreements, the two countries could begin with narrow, issue-specific areas where interests overlap and risks are clearly shared.

For example, the two countries can work on technical exchanges on AI safety evaluation, joint or parallel scenario exercises on AI-related risks, particularly those involving system failure and misinterpretation, dialogue on terminology and risk frameworks, to reduce misunderstandings arising from different conceptual approaches, and exploration of communication mechanisms for AI-related incidents, especially where attribution is uncertain.

These steps may seem limited. But they create opportunities for interaction, build familiarity between experts, and gradually reduce uncertainty and mistrust. Over time, such efforts can help rebuild a minimal level of trust—enough to manage risks, even if broader political differences remain.

### **Beyond Competition: A Shared Responsibility**

Reframing U.S.–China relations in the age of AI does not require abandoning competition. But competition does not preclude cooperation—particularly when it comes to managing shared risks. The key is to decouple the governance of risks from the competition over capabilities. This is not easy. It requires political will, institutional innovation, and a willingness to engage even in the absence of trust.

Yet the alternative—a continued slide toward fragmentation and mutual suspicion—carries its own costs. A bifurcated technological landscape would increase inefficiencies, slow innovation, and complicate efforts to manage global risks. More importantly, it would heighten the risk of miscalculation in an environment where failure can be mistaken for intent.

The rise of AI has undoubtedly reshaped the U.S.–China relations. But the way we frame this transformation matters. If the relationship is defined primarily as a race, it will reinforce division and mistrust. If it is understood as a shared challenge—one that combines competition with interdependence—then there remains space for constructive engagement.

Moving beyond the rhetoric of rivalry and toward a more pragmatic, risk-focused approach may not resolve all tensions. But it is a necessary step toward a more stable and sustainable relationship.

## **Economic Priorities for the China-U.S. Summit**

Yang Shuiqing, *Chinese Academy of Social Sciences (CASS)*

U.S. President Donald Trump will lead a delegation to visit China in mid-May 2026. The upcoming China-U.S. presidential summit will have a pivotal impact on the trajectory of bilateral economic and trade relations, which have long served as the "ballast" of China-U.S. ties.

### **I. Expectations for the China-U.S. Presidential Summit in Mid-May 2026**

Against the backdrop of a sluggish global economic recovery and the continuing spillover effects of geopolitical conflicts, it is widely expected that the summit will deliver targeted and pragmatic outcomes rather than comprehensive structural agreements, with near-term deliverables mainly focusing on three core areas.

First and foremost, the area with the highest probability of reaching consensus is bulk commodity procurement centered on the "3 Bs"-beans (soybeans), beef, and Boeing aircraft. The U.S. agricultural community, led by the American Soybean Association and the U.S. Meat Export Federation, has long called for the stabilization of China-U.S. agricultural trade. As the world's largest importer of agricultural products, China is the most important overseas market for U.S. farm goods, including soybeans, corn, and beef. Meanwhile, Boeing has repeatedly stated publicly that the Chinese market is the core growth engine for its commercial aircraft business. The summit is expected to facilitate a framework agreement between the two sides for large-scale aircraft procurement, which will also be a highly visible flagship deliverable for the Trump administration. In addition to these categories, liquefied natural gas (LNG), high-end medical equipment, industrial machinery, and other products will also be included in the key scope of U.S. export promotion to China.

The second core deliverable is the two permanent bilateral mechanisms vigorously promoted by the U.S. side—the Board of Trade and the Board of Investment, proposed by U.S. Ambassador to China Nicholas Greer, which will be the landmark institutional outcome of this summit. The U.S. aims to integrate previously fragmented procurement negotiations, trade friction resolution, tariff policy coordination, and other matters into a regular intergovernmental management framework through these two mechanisms. For its part, China has sent a clear signal that it holds an open attitude toward establishing an equal and reciprocal dialogue mechanism, as to avoid the continuous escalation of divergences between the two sides due to the lack of communication channels.

Finally, concrete joint commitments are expected to be reached in fentanyl control and cross-border law enforcement cooperation, an area where the interests of the two sides are highly aligned. The U.S. has listed the whole-chain oversight of fentanyl precursors as the core content of China-U.S. anti-narcotics cooperation, while China has always maintained a zero-tolerance

stance on drug crimes, and multiple rounds of law enforcement cooperation between the two sides in the field of fentanyl control have yielded positive results in the past.

Notably, breakthroughs are unlikely to be made at this summit on core structural frictions, including the full abolition of Section 301 tariffs, high-tech export controls, and semiconductor restrictions. The core value of this engagement lies in rebuilding leader-level communication channels between the two countries, setting guardrails for bilateral competition, and averting unintended escalation of divergences, rather than resolving all long-standing differences in one sitting.

## II. Core Priorities for China-U.S. Cooperation in the Summit and Prospects for Progress

For the upcoming China-U.S. presidential summit, the two countries must center their cooperation on four mutually beneficial priorities to stabilize bilateral relations, inject certainty into the global economy, and lay the groundwork for long-term pragmatic cooperation. While structural divergences cannot be eliminated overnight, targeted progress in these areas can reverse the downward spiral of bilateral relations and deliver tangible benefits to both nations and the wider world.

First, the two sides must prioritize de-escalating the years-long tariff war as their top task. Since 2018, the additional tariffs imposed by the U.S. on China under the Section 301 investigation have covered approximately \$370 billion worth of Chinese exports to the U.S., directly driving the arithmetic average tariff rate on Chinese goods shipped to the U.S. up sharply from 2.5% before 2018 to 20%. The U.S. has also threatened to impose an additional 20% or even higher tariffs on China in July through two new Section 301 investigations launched in March. This summit should serve as a critical platform for the two sides to halt this tit-for-tat tariff escalation: the U.S. should abandon its plan to impose new Section 301 tariffs; for its part, China can address the legitimate concerns of the U.S. through market-based bulk procurement commitments. All tariff-related consultations must adhere to the fundamental principle of two-way reciprocity and reject any unilateral demands and coercive acts.

Second, the two countries should advance the opening of a two-way investment market access to unlock new growth momentum for bilateral economic and trade cooperation. In recent years, the scale of two-way investment between China and the U.S. has remained sluggish, affected by factors such as geopolitical divergences, the overgeneralization of security reviews, and heightened investment barriers. On the one hand, the U.S. has publicly stated that it welcomes Chinese enterprises to invest in non-sensitive sectors in the U.S., believing that Chinese investment can drive the reshoring of U.S. domestic manufacturing, employment growth, and tax increases, which is in line with its "America First" policy goal. On the other hand, the national security review by the Committee on Foreign Investment in the United States (CFIUS) has continued to tighten, with significantly higher access barriers and greater regulatory uncertainty for Chinese enterprises investing in the U.S., especially in the fields of semiconductors, artificial intelligence, and high-end manufacturing. The U.S. should clarify the red lines and standards of



CFIUS reviews, end the overgeneralization of the national security concept, and create a predictable business environment for Chinese enterprises investing in non-sensitive sectors in the U.S. For its part, China should continue to promote high-level institutional opening-up, further shorten the negative list for foreign investment access, and guarantee national treatment for U.S. enterprises in China, particularly in the finance, automotive and new energy sectors.

Third, the two nations must work together to safeguard the stability of global critical mineral supply chains and reject the politicization and weaponization of supply chain issues. China holds an irreplaceable industrial chain advantage in the deep processing of rare earths, gallium, and germanium, while the U.S. has raised urgent concerns about the security of related supply chains. The summit can facilitate a joint commitment from both sides to keep the supply chains of critical minerals open and stable in civil and non-sensitive sectors. Meanwhile, the U.S. should lift unreasonable export controls on China in the fields of semiconductors and high-end manufacturing equipment, to achieve two-way security and common stability of global industrial and supply chains.

Fourth, deepening fentanyl control and cross-border law enforcement cooperation should be a core collaborative priority for both sides. This is an area where the two countries share strong common interests, and the summit can formalize a regular mechanism for real-time clue sharing, joint law enforcement, and technical cooperation in this field. The U.S. should lift unilateral sanctions on relevant Chinese enterprises and institutions to create a sound environment for cooperation, which is a critical prerequisite for the continued deepening of China-U.S. fentanyl control cooperation.

The prospects for progress in the above areas are rooted in the fundamentally unchanged complementarity of the Chinese and U.S. economies—the total value of bilateral trade in goods between China and the U.S. still exceeded \$500 billion in 2025, fully demonstrating the strong resilience of bilateral economic and trade cooperation. While the domestic political atmosphere of hostility toward China in the U.S. and lingering geopolitical frictions present headwinds, the summit offers a critical window of opportunity to reverse the negative momentum of bilateral relations. As long as both sides adhere to the fundamental principles of mutual respect, equality, and mutual benefit, even incremental and pragmatic progress will go a long way toward stabilizing China-U.S. relations and underpinning global economic recovery.

## **Different Wins, Same Photo Op: What to Expect from Beijing**

Zongyuan Zoe Liu, *Council on Foreign Relations*

When Donald Trump lands in Beijing later this month for his first visit to China since 2017, both Washington and Beijing will already have secured their minimum objectives. The visit itself is the achievement. In a period defined by tariff escalation, technology restrictions, and war-driven energy shocks, simply restoring leader-level engagement allows both governments to claim stability without resolving the underlying sources of instability.

Beyond that, however, the two sides are pursuing very different objectives. The divergence is so sharp that the summit's apparent symmetry should be read as a warning, not a reassurance.

Trump arrives under mounting domestic pressure. Rising energy prices linked to the Iran conflict, market volatility, and growing concerns over inflation have complicated the administration's economic messaging ahead of the midterms. The White House is likely seeking three deliverables from Beijing: visible Chinese support for de-escalation with Tehran, large headline purchase commitments — Boeing aircraft, agricultural goods, and energy products — and a stable enough trade truce to present as evidence that confrontation can still produce deals. For Trump, the political clock runs to November.

Xi's clock runs much longer. For Beijing, the visit itself — a sitting US president received in Beijing after an eight-year absence and amid deteriorating ties — carries domestic and geopolitical value. China's economy continues to struggle with weak household demand, persistent deflationary pressure, and excess industrial capacity, but Beijing's priority remains stability and strategic patience rather than major redistributive reform. Many Chinese policymakers appear to believe that competition with Washington will intensify again after the U.S. midterms or after Trump leaves office. From that perspective, the goal is not reconciliation, but time: preserving external stability while continuing to strengthen China's long-term position.

This asymmetry — Trump's short political time horizon versus Xi's longer strategic patience — shapes the bargaining dynamics. Repeated discussion in Washington of multiple Trump–Xi meetings this year may have weakened U.S. bargaining leverage by signaling a strong American interest in leader-level engagement. Chinese officials likely calculate that Trump needs visible deliverables ahead of the midterms more than Xi needs substantive compromise now.

The most likely outcome, therefore, is a package of carefully choreographed but limited agreements: an extension of the trade truce, modest easing of export-control tensions, resumed rare-earth shipments, and highly publicized Chinese purchases of U.S. goods. There may also be new bilateral working groups on trade or AI governance, along with familiar rhetoric about “responsible competition.” Even minor adjustments in Taiwan-related phrasing or “One China” language could be presented by both sides as evidence of stabilization despite little substantive

underlying policy change. What is far less likely is meaningful progress on the structural issues driving the relationship: China's industrial subsidies, manufacturing overcapacity, and the broader imbalance between production and consumption in the Chinese economy.

That deeper imbalance is what the summit should address, even if it probably will not. The trade conflict is not fundamentally bilateral; it is macroeconomic. China's persistent external surpluses reflect structurally weak household consumption and exceptionally high industrial capacity. Tariffs may redirect those surpluses geographically, but they do not eliminate them. A more serious bilateral framework would link stable U.S. market access and technology restrictions to gradual Chinese consumption-side reforms, such as social welfare expansion, household transfers, and services liberalization, while also giving Beijing greater predictability in trade and investment policy. Neither side currently appears politically prepared for that conversation.

Iran remains the major wildcard. Washington wants Beijing to use its economic leverage with Tehran to help contain escalation and stabilize energy markets. China, meanwhile, has its own reasons to avoid prolonged disruption in the Gulf: dependence on imported energy, shipping exposure, and broader concerns about global economic instability. Their interests are more aligned on de-escalation than either side publicly admits. Quiet understandings around sanctions enforcement, energy flows, or diplomatic messaging are therefore plausible even if no formal announcement emerges from the summit.

The visit will almost certainly be presented as a success. Trump will emphasize deals, market access, and restored diplomacy. Xi will emphasize stability, respect, and China's centrality in global affairs. Both narratives will contain some truth because the two leaders are answering different questions. For Trump, the summit is about demonstrating momentum. For Xi, it is about managing competition without conceding strategic ground.

The summit may stabilize atmospherics for a time. Whether it stabilizes the relationship itself is a much harder question.



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