US-China summit

Too big and too small to fail

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OPINION

This week's summit between President Donald Trump and Chinese leader Xi Jinping will be their second meeting of the year, with potentially two more engagements still to come. That the leaders of the world's two most powerful countries are meeting to talk about their bilateral relationship and international affairs is an achievement deserving appreciation. But the gap between their limited ambitions in terms of likely topics and outcomes, on the one hand, and the challenges facing the world, on the other, points to a growing vacuum of global leadership.

Too important to permit failure

Both the United States and China have a strong self-interest in keeping the relationship at least superficially calm. The American economy has substantial strengths, driven mainly by investments in AI, but also glaring weaknesses, among them persistent inflation, rising unemployment, and ballooning debt. The bond market is already wobbly, with yields continuing to rise, suggesting increasing anxieties about deep-seated risks in the economy's foundations. With the midterms approaching, it is not in the Trump administration's self-interest to generate a crisis in the bilateral relationship right now.

Beijing likely is computing a similar calculus. Despite — or perhaps because of — its technology gains, its macroeconomic forecast is equally, if not more, shaky. Xi is in the early months of planning for the 21st Party Congress, to be held in the fall of 2027, which likely will give him a fourth five-year term as head of the Chinese Communist Party (CCP). Like Trump, his political fortunes will be burnished by a stable international environment, which, in large part, comes down to keeping the peace with Washington.

Hence, observers can expect the current commercial cease-fire to be extended, with China permitting a greater flow of rare earths to the United States and others (Japan's access to rare earths is also a high priority for Washington) and the Trump administration not imposing cumulative tariffs on China higher than the rate in place as of the October 2025 Busan meeting. Beijing has reportedly sought to extend the current arrangement to the end of the Trump administration, whereas the United States prefers only a six-month extension. The obvious compromise would be one more year.

BEN HICKEY/THE ECONOMIST

Too small to not meet expectations

The other reason the summit will not fail is because expectations have been whittled down to almost nothing. Beijing would likely prefer a long list of deliverables and Washington a shorter list, but neither has much ambition for path-breaking arrangements and compromises. Instead, expect limited deals, progress, and outcomes, such as both sides agreeing to reduce tariffs to standard levels for $30 billion of the other side's exports; more deals on Boeing planes, aircraft components, and agricultural goods; an initial discussion of AI safety issues; subtle adjustments in language about trying to end the conflicts in Ukraine and the Persian Gulf; and an emphasis on the importance of the Asia-Pacific Economic Cooperation (APEC) and G20. Trump and Xi will likely meet in November in Shenzhen and in December in Miami for more of the same.

Not a G2

Although Trump and Xi will outwardly get along, this is not a G2. They are finding a way to manage the bilateral relationship, but they are not whatsoever working together as co-stewards of the international order. Nor is either interested in providing substantial public goods to provide conditions for a more enduring stability. This is a great power competition tempered by interdependence, a rough balance of power, and a need by both to handle challenges at home.

Given the widening global distribution of power, the decline of alliances, and the centrality of non-state actors, a G2 would never accurately reflect the significance of the US-China relationship. That said, the meeting is a lost opportunity to tackle fundamental challenges, such as the international effects of macroeconomic imbalances, the growing risks from AI, the wars in Ukraine and Middle East, and climate change.

But the Trump administration is inherently constrained from doing more. It is pursuing an imperial foreign policy built primarily on a rigid emphasis on sovereignty, hard power, and bilateral interactions. Concerns about international legitimacy and multilateral norms that set guidelines for responsible behavior that constrain everyone, including the United States itself, are off the table. It also does not see a similar level of danger from climate change or AI safety as others do. Moreover, the breakdown of the interagency process means the Trump administration is typically bouncing from one problem to another and is insufficiently prepared to handle complex challenges over an extended period.

As a result, the administration's strategy is encountering obstacles on both the trade and security fronts, with problems in one area (e.g., an uneasy truce with Beijing) hindering success in others (e.g., gaining Beijing's help on Ukraine and Iran). Washington increasingly finds itself playing defense simultaneously on multiple fronts.

Conversely, Beijing could conceivably do much more, but it is content running out the clock on the Trump administration and keeping pressure from the European Union and others at bay, all while gradually advancing its own approach to global governance in the various fora it leads, such as the Shanghai Cooperation Organisation (SCO) and the World Artificial Intelligence Cooperation Organization (WAICO). Although Xi will likely bring an impressive group of corporate executives from some of China's leading high-tech firms, if past is prologue, they are unlikely to be given room to showcase their companies and expertise, meaning a lost opportunity for China to present a more nuanced picture of its society to an important audience.

A lost opportunity

Whenever the leaders of the planet's two most powerful countries — and some of their top companies — get together, there is a chance to do big things. But that would require sustained commitment from both parties, which does not currently seem possible in either capital. If nothing goes horribly wrong — and Xi expresses faux admiration at the White House's new helipad — the two sides will consider the gathering a success. But others should not.

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Billionaire Elon Musk (C) gestures after attending a welcome ceremony for US President Donald Trump with President Xi Jinping at the Great Hall of the People in Beijing, China, on May 14, 2026.
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