

Trump-Xi Summit Aims for Economic Rapprochement

Michael Laha, Senior Research Fellow, Center for Geopolitics, Geoeconomics, and Technology
Rachel Tausendfreund, Senior Research Fellow, USA/Transatlantic Relations

After first postponing their meeting, US President Trump and China's President Xi will meet in mid-May for a second time in the last year. Germany and Europe should expect an agreement to manage trade relations. This could leave them standing alone in their own efforts to de-risk from China. The German response should be twofold: use the détente to de-risk and to deepen and broaden European and German security engagement in Asia.

US President Donald Trump will meet with Chinese President Xi Jinping on May 14–15, 2026. At a [press conference](#) in March, China's Foreign Minister, Wang Yi, grumbled in reference to preparations for the Trump–Xi summit that both sides need to “make careful preparations, create a suitable environment ... and eliminate unnecessary interference.” The remark hinted at Beijing's frustration with what it sees as inadequate preparation on the US side. Trump, in contrast, favors a high-risk, personalized style of negotiation.

Washington's coordination on China has been hampered by Trump's culling of National Security Council (NSC) staff as well as his reluctance to delegate. Not without reason did Ryan Hass, a former NSC director for China [say](#) that “Trump is his own desk officer on China.” These frustrations have been made worse by the war in Iran. The Trump administration has sought to enlist China to pressure the Iranian regime, but China is keeping aloof.

Despite the inconsistencies of Trump's personalized style, the first 14 months

of Trump's second term have brought significant policy shifts across trade, technology, and Taiwan. As Beijing and Washington hope to achieve economic rapprochement at the upcoming summit, Berlin and Europe could be left standing alone in their efforts to de-risk from China. They will therefore need to pursue de-risking on their own or with other partners and to broaden and deepen security cooperation with other Asian partners.

THE TRADE AND TECH FOCUS: FROM COMPETITION TO BUSINESS

During Trump's first term, a framework of strategic competition with China, buttressed by strong bipartisan support, took hold in Washington. The United States expanded tech restrictions, used trade tools more aggressively, and strengthened defense support for Taiwan. In Trump's second term, however, tariff fights and personalized diplomacy have opened new room for Beijing to weaken the national-security

rationale behind US tech controls and move them into the realm of negotiations. This has been a strategic win for Beijing.

Trump's second term did not start softer on China. He entered office with an aggressive tariff campaign, imposing 10-percent “fentanyl duties” on Chinese goods which were soon doubled, followed by “Liberation Day” tariffs on April 2 that pushed cumulative rates on Chinese goods to 145 percent – the highest in over a century. China retaliated, first with a 34 percent tariff on US imports on April 4, upped to 125 percent on April 11. This escalation triggered a stock market crash. After trade negotiations in early May, Trump and Xi retreated from the brink, and both reduced their overall tariff rate to 10 percent in what Trump referred to as a “[total reset](#).” But it was only a temporary truce.

Disputes over non-tariff barriers soon followed, as the United States imposed restrictions on student visas and tech exports, and China heightened export controls on critical minerals and stopped importing US soybeans. In October,

Washington significantly expanded its entity list rules, restricting thousands of Chinese firms from receiving certain US exports. China responded by issuing sweeping export controls – including Military End User (MEU) checks on critical minerals.

A turning point came on October 30 at a summit in Busan, South Korea, during which Xi and Trump managed a climb-down from this set of escalatory steps. Since then, Washington and Beijing have both been signaling a desire for additional agreements at the upcoming leaders' meeting. In preparation, senior Chinese officials He Lifeng and Li Chenggang met their US counterparts Scott Bessent and Jamieson Greer in Paris in mid-March 2026. The talks reportedly covered a range of commercial issues, which could be agreed at the upcoming meeting, including aircraft purchases from Boeing and expanded Chinese imports of US soybeans, as well as a possible new "trade board" to manage the trade relationship proactively.

THE TECH FOCUS: AN UPCOMING CHIP DÉTENTE

In addition to trade protection, US policy since the first Trump administration has been built on restricting Chinese tech investments and participation in US operations and denying China access to advanced AI semiconductors. During the Biden administration semiconductor exports were limited to keep Chinese capabilities below a specific threshold (14nm), and allies including the Netherlands and Japan were pressured to impose parallel restrictions.

But as with trade more generally, policy shifts since late 2025 signal détente. Some in the Trump administration – prominently, former AI czar [David Sacks](#) – have argued that restricting access has ceded ground to Chinese chip competitors, and that policies should instead seek to profit from Chinese demand and keep

US-manufactured chips central to global AI. In December 2025, Trump announced a partial easing of export restrictions on advanced semiconductors. The following month, the US Bureau of Industry and Security shifted its policy from a "presumption of denial" to a "case-by-case review" for certain chips, while maintaining a 25-percent tariff.

This adjustment opened the possibility of exporting NVIDIA H200 chips to China – to which Beijing responded by restricting imports of these highly sought-after semiconductors, in order to encourage adoption of domestic chipmakers. Other recent softening measures have included pausing the proposed federal ban on Chinese TP-Link routers and lifting the blocks on Chinese participation in the electric vehicle and data center markets in the United States. These developments suggest that the meeting will likely lead to a détente in the chip sector.

A GRAND RESET IN TRADE AND TECH IS LIKELY

The less-combative approach since the last quarter of 2025 has led many to expect economic rapprochement from the May summit. Wu Xinbo, a renowned Fudan University expert on US-China relations who also serves as an advisor to the Chinese Ministry of Foreign Affairs, has argued recently that Xi and Trump should and could strike a grand bargain. Wu suggests that the first steps toward such a bargain would be through improved and managed trade relations between the two countries. In a quid pro quo arrangement, China would purchase US goods to reduce the trade deficit, and the United States would in turn loosen tech controls, especially by removing companies such as Huawei from the US entity list. Wu's idea is that this would pave the way for a reset in other domains of US-China relations – in particular, security, including US positions on Taiwan.

THE TAIWAN FOCUS: ARMS SALES TO TAIPEI

In addition to trade and tech, Taiwan policy will likely factor largely at the summit. At issue are, in particular, the timing of arms sales, the US position on Taiwan's independence, and longstanding commitments to Taiwan such as the Six Assurances.

The 2025/2026 National Security Strategy and National Defense Strategy express the administration's interest in a "decent" or "stable" peace and "respectful relations" with China. This shift has led some to conclude that the Trump administration is less committed to deterrence in the Taiwan Strait.

At the same time, the Trump administration has been putting significant pressure on Taiwan to spend more on defense. After significant pressure from the US and heated debates between political parties in Taiwan, the Taiwanese legislative Yuan passed a defense package of [25 million USD](#).

Meanwhile, a few well-worn traditions in US policy toward cross-strait relations have been put to the test. Several reports indicate that Beijing is looking to change the US administration's position from non-support to explicit "opposition" to Taiwanese independence. Such a step would be a significant strategic win for Beijing and a departure from decades-long US policy.

Trump has also indicated that he would discuss US arms sales to Taiwan. This would mark a departure from US commitments under the Six Assurances, whereby Washington has promised Taipei it would not consult with Beijing on arms sales to Taiwan.

RECOMMENDATIONS: WHERE A POSSIBLE US- CHINA DÉTENTE LEAVES EUROPE AND GERMANY

If the summit indeed results in a managed trade relationship, this could leave Europe and Germany standing alone in their efforts to de-risk from China. The German response should be twofold:

- **Use détente to de-risk:** A calming in relations between the United States and China is possible but fragile. Any reprieve should not lead Europe to change course. China's chokeholds over Europe in rare earths or industrial inputs will maintain their potency unless Europe diversifies its imports, diversifies its export markets, and strengthens its economic security toolkit, including the ability to leverage its own chokeholds over China.
- **Deepen and broaden European and German security engagement in Asia:** Security in the Indo-Pacific is also a matter of European security. This recognition has motivated German defense minister Boris Pistorius to visit his Japanese counterparts. This step should be one of many aimed at furthering distributed defense production, defense innovation partnerships, and expanded weapons procurement between Germany, Europe, and the Indo-Pacific.

DGAP

Advancing foreign policy. Since 1955.

Rauchstraße 17/18
10787 Berlin
Tel. +49 30 254231-0
info@dgap.org
www.dgap.org
in @dgapev

The German Council on Foreign Relations (DGAP) is committed to fostering impactful foreign and security policy on a German and European level that promotes democracy, peace, and the rule of law. It is nonpartisan and nonprofit. The opinions expressed in this publication are those of the author(s) and do not necessarily reflect the views of the German Council on Foreign Relations (DGAP).

DGAP receives funding from the German Federal Foreign Office based on a resolution of the German Bundestag.

Publisher
Deutsche Gesellschaft für
Auswärtige Politik e.V.

ISSN 2749-5542

Editing Ellen Thalman

Layout Luise Rombach



This work is licensed under a Creative Commons Attribution – NonCommercial – NoDerivatives 4.0 International License.





