



Trump-Xi Summit: Tactical Concessions but Little Strategic Breakthrough

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By Benjamin Ho

SYNOPSIS

The highly anticipated meeting between Chinese President Xi Jinping and US President Donald Trump last week largely followed the script, with both leaders making tactical concessions without compromising their strategic interests. As the first leg of a potential double-header, the two sides are likely to test each other's resolve on more substantive issues going forward.

COMMENTARY

A common refrain in international politics is that the “enemy of my enemy is my friend”.

Over five decades ago, a detente between the United States and China was made possible because the Soviet Union represented the common threat that both Washington and Beijing faced. This is no longer the case today.

While discussions at the recently concluded Trump-Xi summit in Beijing, which took place from May 14 to 15, covered predictable terrain, from trade to geopolitics, the fact of the matter is that the strategic interests of the US and China remain wholly incompatible.

Chinese President Xi Jinping's referencing of the [Thucydides Trap](#) – made popular by Harvard professor Graham Allison – in his opening remarks suggests that in Xi's mind, America's unwillingness to accommodate China as co-equal and its fear that China would overtake it were core drivers behind Washington's foreign policy towards Beijing.

As Thucydides himself put it: “It was the rise of Athens (read: China) and the fear that this instilled in Sparta (read: the US) that made war inevitable.”

Thucydides Today: Taiwan and Technology

Unsurprisingly, Xi’s mention of Taiwan as a key issue that could push US-China relations into a Thucydides trap is a reminder to Washington that in Beijing’s eyes, cross-strait relations are an internal Chinese matter that outsiders ought not to interfere or else risk interdiction by Beijing.

This issue is further complicated, however, by Taiwan’s global monopoly over advanced semi-conductor chips. Taiwan Semiconductor Manufacturing Company’s (TSMC) produces over 90 per cent of the world’s most advanced leading-edge semiconductor chips, granting immense technological leverage to whoever controls them.

In his book *Chip War*, Chris Miller compares microchips to oil – the scarce resource on which the modern world depends, and without which modern life would come to a standstill. In short, the Taiwan issue is not just a matter of Chinese territorial sovereignty (China claims Taiwan as its own), but also a matter of global technological supremacy.

In other words: whichever country controls the manufacturing and supply of advanced semiconductor chips will have immense control over global affairs.

This point was poignantly made by China’s current ideological chief Wang Huning more than three decades ago in his book *America Against America*. In Wang’s words, China needs to “surpass the US in science and technology” if it wants to overtake the US in global power.

Taking Taiwan – and TSMC – would facilitate this outcome. But would the US allow that to happen?

In recent months, the issue of US relations with Taiwan has come under the spotlight. In January this year, US Congress greenlighted a US\$14 billion weapons package sale to Taiwan but this had yet to be approved by US President Donald Trump, given the meeting with Xi.

Unlike his predecessor Joe Biden, Trump’s rhetoric on Taiwan has been much less cordial, including arguing previously that Taiwan freerides on US security and steals American semiconductor business.

That said, arms sales to Taiwan are never the be-all and end-all to US-Taiwan policy. Instead, these sales are meant to deter China from the use of force to unify Taiwan with the mainland.

That Trump was quoted as saying he had “made no commitment either way” on Taiwan while noting that Xi “feels very strongly” suggests a wide gap in how both leaders view the issue.

Nevertheless, Trump has said he would “make a determination (regarding arms sales) over the next fairly short period of time”, a hint that we should expect some kind of answer on the matter in the near term.

Summit Outcome: Not Ideal, but Good Enough

At the very least, both Beijing and Washington can claim some kind of victory from the summit without giving up anything much.

For Beijing, allowing the resumption of US beef exports and sales of agricultural products represent a reversal of previous tit-for-tat policies enacted in response to American hardball tactics – a clear sign of China framing its relations (and the summit) with the US as a meeting of peer equals, rather than playing second fiddle to Washington.

Likewise, the US allowed the resumption of H200 semiconductor chip exports to China, though these aren't the newest or most advanced.

Meanwhile, the issue of Taiwan was not even mentioned in the American readout from the summit, something that Beijing would have hoped for. There was also no mention from both sides of extending the trade truce – though one should presume greater continuity rather than change from the present circumstances.

To use an analogy, the situation is akin to a football game in which one scores an own goal, only to equalise late in the game, snatching a draw.

Hardly a win or a decisive outcome, but it might please the fans and buy the manager some goodwill.

Xi-Trump Round 2

With Trump's announced invitation to Xi for a state visit on Sep 24, there will be much wheeling and dealing behind the scenes to ensure that relations between both superpowers remain on an even keel for the next four months.

The [entourage of chief executive officers accompanying Trump on this visit](#) suggests that [business-to-business ties](#) would be one area that both sides can potentially work on to smooth out whatever geopolitical disagreements that cannot be resolved.

Whether Xi would [“open China” to America](#) – according to Trump's wishes – remains to be seen, but given a flagging Chinese economy, allowing American investment into China (which has shrunk in recent years) can be seen as a win-win outcome, provided American companies can be assured of fair deals in their operations there.

Likewise, if China is able to use its leverage on Iran and Russia to end the conflicts in both regions, it would send a positive signal that Beijing is serious about working with Washington to stabilise the global situation.

It should be noted that Xi has not commented on his discussions with Trump about the Iran war, suggesting that the Chinese leadership prefers to keep its strategic relations with Tehran out of the public eye, as opposed to Trump's feisty claim that Xi had promised not to send Iran military equipment.

In any case, we should not mistake outcomes from the summit (should they materialise) as a similar rapprochement to what Mao and Nixon had arrived at five decades ago.

Without a common enemy to unite against, it is difficult to envisage both the US and China compromising on their strategic interests.

The world should continue to hold its breath.

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