

Center for Strategic and International Studies

TRANSCRIPT
Press Briefing
“Previewing the Trump-Xi Summit”

DATE
Thursday, May 7, 2026 at 10:00 a.m. ET

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Sofia Chavez: Hello, everyone, and welcome to this CSIS press briefing previewing the upcoming summit between President Trump and Xi Jinping. I'm Sofia Chavez. I'm the media relations manager here at CSIS. And I'm joined today by a great lineup of CSIS scholars who will share their expectations and thoughts of what to look for going into this highly anticipated summit, what we can expect coming out of the summit, and much more.

Just a couple of housekeeping notes before we get started. Each of our speakers will offer several minutes of introductory remarks, after which we'll turn to your questions. If you do want to ask a question, make sure to type it in the Q&A window, or you can raise your hand to ask it verbally. We'll also be distributing a transcript of today's call shortly after its conclusion. The transcript will also be made available on CSIS.org.

With that, let's go ahead and get started. I'll turn first to Scott Kennedy, senior advisor and trustee chair in Chinese business and economics at CSIS. Go ahead, Scott.

Scott Kennedy: Thanks, Sofia. Good morning, everybody. And welcome to the briefing. I'm talking to you from Palo Alto, where I just arrived yesterday, after two-and-a-half weeks in Beijing where I talked to a lot of Chinese officials, businesses, foreign governments, about the state of U.S.-China relations and China's economy. So my remarks will reflect some of that experience.

I wanted to make three points. The first is that the six-week delay in the summit has actually been important because they – both sides have been able to further develop the agenda and the details for what the two sides will discuss when Presidents Trump and Xi meet next week. I summarize those as the five Bs and the three Ts. The five Bs, which the U.S. is emphasizing Boeing, beef, beans, the Board of Trade, and the Board of Investment. And the three Ts, which are what China's emphasizing. The first T is, of course, Taiwan. But then also tariffs and technology. I would add to that one additional item that looks like it will be more important than it otherwise would have been six weeks ago. And that is about AI and the management of risks around AI. So I think we'll actually have a relatively fulsome agenda, even though the amount of time for the meeting is relatively short.

The second point I want to make is that there's still some big questions that are not going to be answered until they actually meet. And that is, how much of that agenda that I just described will they get through? And, because, again, they don't have much time and it's not clear that they've reached a common landing point on any of those items. The second is whether there will be a joint statement from the two sides, or whether they will follow past practice and have separate statements. In a lot of the meetings that the two sides have had over the last years there have been no document, no paper

trail, and one hopes that from this meeting there would be. And so that'll be important to see.

And then this last question of what will happen is what will President Trump do beyond his meetings with President Xi? Will he visit any American companies? Will he visit any universities? It doesn't sound like he's going to do any of those things. It looks like maybe the Temple of Heaven and possibly the Great Wall. I think that shows a relatively constrained view of what the President could do in going to China. I think the last point I want to make is that China and Xi Jinping come into this meeting in a much stronger place than the United States. China has goals that they would like – to extend the ceasefire, to reduce tech restrictions on the imports of semiconductors, and lower tariffs.

But even if they don't get much on any of those things, as long as there's not a blow up in the meeting and President Trump doesn't go away and look to re-escalate, China basically comes out stronger. The relative position to the U.S. over the past year has improved, following their pushback against the liberation day tariffs and their successful efforts to get President Trump and the administration to back up multiple times over the last year. Also, as a result of the IEEPA decisions and the lowering of U.S. tariffs as a result of the Supreme Court's ruling, the challenges that the U.S. now has gotten itself into in the Middle East, all of that has improved China's relative position.

In addition, it's clear that the U.S. is not pushing for significant adjustments of Chinese industrial policy, the role of the state and society, or other major issues, and it's not doing so in combination with allies and like-minded countries. The U.S. is really just pushing for its own self-interest, and the U.S. is not investing sufficiently in its – the foundations of its economic power.

We've cut massive – you know, funding massively to various areas of science and technology, and that's really where the competition is going to be won or lost. And so I think as long as the trajectory goes in the way it has been for the last year, China comes out of this relatively stronger, and the U.S. will be able to claim some progress but, really, China has the right to be confident that they are doing very well bilaterally.

Let me stop there.

Ms. Chavez: Great. Thank you, Scott.

Next, we have Bonny Lin, director of the China Power Project and senior advisor at CSIS. Bonny, please go ahead.

Bonny Lin: Thank you, Sofia, and great to be here today.

So Scott mentioned he just returned from China. Edgard and I just returned from Taiwan and Japan, and I want to focus the little time I have here by discussing how Taiwan may play into the Trump-Xi meeting.

And it seems like as Scott said, in addition to trying to extend the trade truce and seeking overall stability in U.S.-China relations, Taiwan is probably top of mind in terms of China's priorities, and we know that China has been signaling for some time that Taiwan is a core issue that will be discussed during President Trump's visit to China and during his meeting with Chinese leader Xi Jinping, and we've seen China do quite a bit of work to prepare for this discussion.

So I'll lay out some of the preparation and what I think could be asked or could be hinted at during the meeting.

So as many of you are aware, during the February 2026 phone call between President Trump and Xi, Xi emphasized that Taiwan was the most important issue in U.S.-China relations, and he subtly urged the United States to not provide arms to Taiwan. I think the readout was some – did not specifically say not provide arms, but it was clear that that was a direction that he was pushing President Trump.

And then last month after President Trump postponed his trip to China to focus on the Iran war, China green lighted the visit of Taiwan's largest opposition party leader, the Kuomintang – KMT – Chairperson Cheng Li-wun's visit to China and she paid a visit in early April.

During her visit, she departed significantly from the typical KMT positions and echoed almost everything Beijing wanted to hear. She endorsed China's view of the 1992 consensus. She expressed opposition to Taiwan independence.

She expressed opposition to foreign interference on cross-strait issues, usually a code word for arms sales and other U.S. support for Taiwan. She echoed Xi Jinping's points that both sides of the Taiwan Strait are part of the Chinese nation and one family.

So in other words, Cheng's views were very different and are very different from the views of Taipei, of the Taiwan government, that has had to deal with the reality of relentless and escalating Chinese military and political economic coercion and threats.

Her views are also very different than a lot of views within her own party, the KMT, where many within the KMT are wary of Cheng's positions and believe that she's not taking seriously the PRC threat.

But what her visit means is that it set up Beijing to be in a very strong position when it comes to Taiwan right before the Trump-Xi meeting and today, during the – China’s Ministry of Foreign Affairs press briefing, the foreign ministry spokesperson, the very first question he answered, posed by a – Chinese media, of course, was – and it was very pointed in noting that the United States must fulfill its international obligations to China on Taiwan and those obligations are, quote, “a necessary prerequisite for the stable, sound, and sustainable development of China-U.S. relations.”

So in other words, China is signaling very clear about a week or so right before the Trump-Xi meeting that Taiwan – that getting Taiwan right will be very critical to all the other things that Scott was talking about in terms of the overall U.S.-China relationship.

So I think this puts Xi Jinping in a strong position to potentially share with President Trump that, look, there’s a leader in a major political party in Taiwan that we can work with and wants to work with China. All the United States needs to do is rein in Taipei and stop working with those separatists.

So, within this context, I think Xi could suggest a couple of things. He could subtly hint that maybe President Trump should change his statement that the United States opposes Taiwan independence. The United States has typically stated that the United States does not support Taiwan independence. So switching from not support to oppose is quite critical.

Another possibility is suggesting that maybe President Trump might want to change his statement that the United States supports peaceful unification with Taiwan. In the past, the United States has typically stated that the U.S. supports peaceful resolution of the Taiwan question and also opposes any unilateral changes to the status quo from either side. Xi could again hint or maybe be very explicit again that the United States should not provide arms sales to Taiwan.

I’ve not seen any reports in prior meetings that she has specifically raised the issue of – this issue to President Trump in terms of Taiwan President William Lai’s transits to the United States. But China is likely also to use this meeting with President Trump as well as potential follow-on meetings, the potential for three additional meetings this year between the two leaders to make it clear that it is not in U.S. interests to allow Taiwan President William Lai to transit the United States.

And just for context, aside from during the COVID years, in the past almost two decades, Taiwan presidents have typically transited the United States one or two times per year. President Lai did not transit the United States in 2025, and it remains to be seen if there’s room for him on the diplomatic calendar transit this year.

And I would note that the U.S. position on Taiwan that President Trump currently has going into the meeting – of course, we still have a week left – could be strengthened a lot more if Taiwan is able to pass a special defense budget. We had heard that there were rumors it could pass today in Taipei, and it seems like it did not happen.

And one last point before I close. Related to the Taiwan issue is how other close U.S. allies and partners will be discussed or maybe omitted from the Trump-Xi meeting and whether President Trump and his team might engage with key U.S. allies immediately before or after his trip to China, even, for example, in the form of a phone call.

I think most U.S. allies and partners are closely watching these dynamics and would benefit from more stable U.S.-China relations. But at the same time, many of them, particularly Japan, are still the target of growing Chinese coercion. And we're really seeing anti-Japan rhetoric heat up in China now, and it might be possible that Xi Jinping may even raise up to President Trump what he views as problematic Japanese militarization.

So, I'll wrap up here. Thank you, Sofia.

Ms. Chavez: Thank you, Bonny.

Next, we have Edgard Kagan, senior advisor and Freeman chair in China studies at CSIS. Edgard, please go ahead.

Edgard D. Kagan: Hi. Thank you very much for joining the call. And I will say I was very flattered to have been described as a scholar by Sofia. I'm still working up to that from diplomat, and so I'm grateful for the opportunity to speak with you.

It's hard for me to add much to what Scott and Bonny have laid down. I'll just say that this visit is critical for both leaders. In both countries there is a strong recognition that the U.S.-China relationship is the most important bilateral relationship in the world. And both leaders are going to be very eager to show their publics and also the international community their ability to manage this relationship skillfully.

I think that the agenda that Scott laid out is correct. I would – and you know, Bonny's, I think, terms are spot on. I would just add that, you know, clearly one of the big differences from when this visit was first being discussed is Iran, and the fact that for the president Iran is obviously a, you know, tier-one issue that is absorbing a huge amount of his time. And I think it's clear the administration believes that China can be helpful in encouraging Iran and pushing Iran to reach an agreement, agree to the terms which the U.S. believes are necessary.

I think from China, while in many ways it has worked very hard to manage expectations on Iran, including most recently by having the Iranian foreign minister, Araghchi, there, and, you know, issuing a statement that it wants the straits reopen. My take is this is very much an effort to sort of deflect and manage potential pressure from the president. It's a sign that they realize this is coming down the pike. I think that in looking at this it's worth keeping in mind that China has a number of interests, as they always do. One is, very obviously, they have been spared some of the immediate impact by their very significant petroleum reserves, in particular, more broadly, ability to generate energy in a variety of different ways.

But they're still very worried about the impact of this in their economy, both directly, but also – and I think Bonny and her team put out a very good paper on this at the end of April – because the Chinese economy has become even more dependent on exports, And the exports are going to regions where – the export growth has been in regions that are being very affected by higher energy prices and also higher prices for things like fertilizer. So the Chinese are affected by the prospect of a global economic slowdown. So they've got interests on both sides. On one hand, they clearly don't want the U.S. to be too successful. On the other hand, if the straits remain closed that has very significant implications. And I think they will also be keeping a very close eye on what the Gulf states are saying and doing, because that's also a very important set of partners for them.

I think that on the economy, the only thing I would add to what Scott said is just that it's very clear that for the administration the economic issues were the most important ones, until the Iran conflict. And now Iran has become extremely important as well. But a huge amount of legwork has been done on the economic issues. I agree completely, it's not completely clear what's going to come out of it. But I think both sides want to show that they're able to manage the economic relationship in a more stable and predictable way that gets benefits. I think the Chinese want stability and predictability. They're willing to give some benefits in order to get that. And so we like the benefits and we're willing to offer a little bit more on stability and predictability.

In terms of the dynamics of the summit, I just think it's important to recognize that the Chinese clearly want this summit. And they've been willing to be quite accommodating to the White House on rescheduling. They've been very clear that they want it. And I think that that reflects their sense that the best way to manage the relationship with the United States is to emphasize the strong personal relationship between Chairman Xi and President Trump. And China, as the second-largest country in the world, has a lot at stake in managing its relationship with the largest democracy and the third-largest country in the world. The U.S., obviously, wants it as well for the reasons that Scott and Bonny laid out.

I think, as Bonny said, I just like to build on one more thing, which is the region is nervous about what's going to come out of this. And, you know, all of the U.S. allies and partners are going to be watching very, very closely to see both the specifics of any documents that come out. And I would be very, very surprised if there's a joint statement. There hasn't been a joint statement in a long time. It's very, very hard to do. And if I were advising the administration, I would say it's probably not worth the effort. But I think there will probably be statements from both sides. Countries in the region, the broader Indo-Pacific as well as around the world, will be watching very closely. They're going to be looking to see what issues are mentioned, what issues are not mentioned, the difference between how the Chinese talk about them, how we talk about them.

And I think that that's going to be, you know, something that'll be very important. However, I would also stress that there's a Goldilocks issue at stake, which is virtually every country in the region wants to avoid a really bad relationship between the U.S. and China. Nobody really thinks they have a stake in a really good relationship either. I mean, I think across the Indo-Pacific is my experience has been nobody wants a G-2. So what countries will be looking for is a sense that, you know, there isn't conflict and that there's some sort of positive ability to work together, but also that they're not so close that all of a sudden it's going to look like all the important decisions for the region are made in Beijing and Washington, rather than their own capitals.

So, with that, let me pass it on to Phil.

Ms. Chavez: Great. Thank you, Edgard.

And I'll quickly mention that after Phil – sorry – we'll turn to your questions. If you want to ask a question, just as a reminder, you can type it in the Q&A window or raise your hand to ask it verbally.

So, without further ado, our last speaker is Philip Luck, director of the economics program and Scholl chair in international business at CSIS. Phil, go ahead.

Philip Luck: Great. Thank you so much. And it's a real honor to be rounding out this fantastic group. So I'll speak a little bit about the economics of the relationship and where we are coming into this in terms of the issues between the countries, the potential leverage, or perceived leverage, and then potential discussion points. But I think the previous speakers did a much better job than I can discussing the third point.

To the first, you know, just as a very broad overlay, you know, I think while I'm very happy that the leaders are meeting and they'll have this discussion, there are some issues that we simply shouldn't expect, that they discuss, that are very important. So some of the big structural issues – overcapacity in the PRC economy, the structural imbalances between their lack of consumption and our overconsumption, the broad discussion around the things we are acceptable to trade with one another. Outside of very narrow areas around the margins, I don't expect those to be a large area of discussion. You know, as Scott and Edgard, and Bonny pointed out, I think the discussions will be much more focused on these sort of short-term/near-term issues and sort of just building that discussion going forward.

In terms of – I mean, one thing that we're seeing, and I think this is important for U.S. interests going forward, is, you know, not unsurprisingly we're seeing both sides ratcheting up the pressure in very quiet ways in the lead up to the meeting. You know, on the PRC side, as Scott mentioned in terms of his beans and beef and other things, you know, there's continued lack of demand, or the demand below what you'd normally expect, for U.S. agricultural products in the PRC. You know, they've certainly not fulfilled what Secretary Bessent suggested they had agreed to, which was sort of, you know, enormous purchases of U.S. soybeans. You know, beef exports are still much below expectations, same for sorghum and corn as well. And there's increasing concern that investments in deepwater ports in Brazil makes it so that there really is a much better alternative to U.S. agriculture going forward in a serious way.

So this will be – continue to be – I would expect this to continue to be a leverage point that the PRC uses. And in some sense, U.S. agricultural interests should sort of think of this as the norm going forward, you know, but for some broad change in the dynamic. On the U.S. side, we're seeing reports that, you know, export licenses are being delayed in ways that are not, you know, headline news, but are clearly – or, from my perspective, you know, indicative of the administration trying to build a little bit of pressure on their side without, you know, jeopardizing the discussion overall. So, again, I think that's, in some sense, you know, a positive change, relative to the, sort of, you know, Truth Social discussions we had in the past.

Lastly, to the discussion of sort of what they will discuss, again, I think that's going to be largely dependent on, sort of, these pressure points. As Scott mentioned, I think agricultural interests and market access will be very much on the table. And they'll hope to be getting some progress there. And, again, as all three mentioned, I think Iran, of course, is a huge area of focus. The one thing I'll note on Iran, which is just a broader economic perspective here. You know, I think while potentially the U.S. administration feels more acute political pressure to get a resolution, this is an enormous issue for both sides. And in some ways, economically, a larger issue for China. Not only just

in terms of the direct access to fossil fuels through the strait, but the broader supply chain implications as well.

You know, the United States is a relatively closed economy in a lot of ways. We are – our economy is driven by domestic demand and domestic consumption. That is not the case of the PRC economy. It is a throughput in supply chains and an exporter to the world. A global recession, which is certainly not off the table if this issue proceeds for much longer, would be really dramatic for the PRC economy while they're having, you know, continued issues in the domestic economy through continued stress in the residential market. You know, they really are doubling down on external demand. And if that external demand wavers – because of both oil prices, throughput to enormous supplies in copper and aluminum, and other issues – this could be really, really dramatic for the Chinese economy.

So I think on this issue, one silver lining is both sides really do have aligned incentives, which is not something that is often the case in this relationship. So I certainly hope that there's some progress there as well.

I'll stop there. Thank you.

Ms. Chavez: Thank you, Phil, and thank you to all of our speakers.

Just a quick note that our colleague Steve Morrison, director of the CSIS Global Health Policy Center, had a conflict and could not join today's call. But if you do have questions related to the health agenda of the summit, please don't hesitate to reach out and we'll connect you with an appropriate scholar.

So, at this time, we'll go ahead and open it up for questions. Just one last reminder, if you do want to ask a question, you can type it in the Q&A window or raise your hand to ask it verbally. And thank you to the folks that have already submitted questions.

We got a few that are on – in a similar vein, so I'll just combine them into one: How do you think the Iran war will come up in the presidential summit and what do you think will be achieved on that topic? And also, just a second part here, in what way does the war in Iran influence China's ambitions and planning regarding Taiwan?

So, I know Phil touched on this briefly. I'll just open up to the group in case anyone has other thoughts.

Mr. Kagan: Sure. This is Edgard. I can go and then defer to people who probably know more than I.

But I would say that it's very important, very important because this is clearly top of mind for the president, and, you know, while a huge amount of

the legwork that's been done on the economic side and in fact much of the legwork really has been done by Secretary Bessent and his team and also Ambassador Greer and his team, the reality is that right now, Iran is critical for the U.S. and the Chinese know that.

And as Phil just said and I agree with completely, the Chinese have a lot at stake. They've actually been fairly successful at trying to suggest that they're more insulated; it doesn't affect them directly.

I don't buy that, and I think that that's one of the reasons why they have gone ahead with scheduling, that they've been relatively eager to do this, is because they know that they have a lot at stake.

My sense is that, you know, the president is going to be asking them to use their leverage with Iran, to push Iran to accept an agreement which is acceptable to the U.S. This will include, I think, restrictions on their nuclear program and also reopening the Straits of Hormuz.

I think the Chinese have made clear they'd like the Strait of Hormuz reopened and I think they're going to be more reluctant to be seen siding with the U.S. At the same time, they're also going to be reluctant to cross the president on something that's so important to them, as well as something where they have quite a bit at stake.

So I think that this is the wild card. I think that we're going to see a lot of things happen in the next week. I would just say from my own experience working on U.S.-China visits and exchanges, often there's an effort to sort of freeze the agenda two or three weeks out before a visit to try and minimize distractions.

That's clearly not going to be the case this time, and I think that's going to be a real challenge for both sides as they try and finalize the prep and then actually move into the meetings.

Thank you.

Dr. Lin:

If I could jump in after Edgard here.

So I very much agree with what Edgard says. I think the one point of, perhaps, common consensus or commonality between the United States and China is that both sides want the Strait of Hormuz to be open.

But aside from that, as Edgard pointed out, I think the Chinese have a different position on Iran's nuclear use. I think it's important to point out that during the meeting between Chinese Foreign Minister Wang Yi and his Iranian counterpart Araghchi in Beijing, I think, yesterday, May 6th, China explicitly defended Iran's right to develop civilian nuclear energy.

And also in that meeting, China criticized threats of force and sanctions against Iran regarding its nuclear program. I think that's a veiled threat saying that China at least publicly will oppose any additional U.S. use of force against Iran.

So I think, as Edgard as well as Phil and others have mentioned, this is interesting that China is meeting with the Iranians before meeting with Trump. On one hand, it showcases support to Iran, that China is going to provide these – support to Iran prior to meeting with Trump. On the other hand, I think it also sets China up in a strong position before it talks to President Trump, understanding what Iran wants and what Iran is not willing to do.

I think it's also important to note that we did also see China's Ministry of Commerce implement a blocking ban on U.S. sanctions against five Chinese firms that were importing Iranian oil. And one of the firms, Hengli, is a huge petrochemical firm within China.

So we do see at least several instances in which China is showcasing that it wants to stand up against the United States and potentially to support Iran. But again, it will really depend on what is the nature of the meeting that President Trump has with Xi. And I think this is something that we'll need to watch very closely because I don't think China is going to agree to most of what or try to push for most of what the United States wants. But again, China does want the Strait of Hormuz opens.

So, one other thing I will note is I'm not sure how much political cost or capital China is willing to take in order to actually get the Strait of Hormuz open. Traditionally, when China has sought to intervene or provide or help settle regional disputes, they've just been advocating for political and diplomatic negotiations, but they haven't really bared too much cost. So, again, this might be, to Edgard's point, a lot of talk, but not too much follow-on action.

Dr. Kennedy:

This is Scott Kennedy. I'll just add to that. I don't disagree with anything Bonny or Edgard has said.

I would just note that as this is an issue because of the U.S. actions in the Persian Gulf and this is something that the U.S. needs from China to do, so a big question will be, what will the U.S. be willing to give China in return for potential support? I do agree that there's also a relatively low ceiling on what China is likely to be able or interested in doing, but it will certainly want to horse trade across if the U.S. asks China for something specific.

The other thing is I would agree that having been in China, yes, its economy is slow. Higher energy prices don't help China in the short term. But longer

term, the challenges of global oil markets and fossil fuels benefits China's strength in renewables, in batteries, electric vehicles, wind, solar. And around the world governments, companies are all recognizing that they need to further their own energy transitions and China is well placed to exploit that trend.

Ms. Chavez: Great. Thank you all.

One more question here from Chris Buckley for Bonny specifically: Can you explain more how Xi Jinping is likely to raise the issue of U.S. arms sales to Taiwan at the summit? And how is President Trump likely to respond? Is presidential approval of the next round of arms sales likely to be much delayed or is that unlikely given sentiment in Congress, etc.?

Bonny, if you want to start, and then, of course, if anyone has thoughts as well.

Dr. Lin: That's a really good question. I don't purport to be in Xi Jinping's head, so I don't exactly know how he will raise the issue. But he already raised it to President Trump February of this year during the phone call. So, I think it's definitely an issue that will probably be raised again.

I don't know if he's going to explicitly ask the United States to stop selling arms to Taiwan or if he's going to use the language that he used in September, which is, I'm forgetting the exact term, but it was be more cautious in the arms sales, meaning less arms sales or where he doesn't explicitly ask don't provide the arms. That's one way.

You know, I think we could probably think that President Trump's response will probably be quite similar to his response in February, in which he might say something like, we'll wait and see. You know, I think President Trump understands that Taiwan is a very important issue for China. It's an issue that an arms sales is absolutely critical for Taiwan's defense, but also arms sales is quite beneficial to the U.S. economy and U.S. defense firms.

So this is not something that I think President Trump will likely say no to. But President Trump probably will get a sense from the Chinese that if there is another large package in between some of the summits, that maybe it's possible the Chinese could be more hesitant to meet again.

But again, I think it's important to remind folks that the United States provided a very large arms sales package in December 2025. And here we are five months, six months later, and President Trump is meeting with President Xi. So we don't have a pattern in which a large U.S. arms sales to Taiwan during the second Trump term has prevented a meeting yet between the two leaders. So we'll need – we'll need to see how it plays out.

Mr. Kagan:

And this is Edgard. I would just add, I mean, based on my own experience, having been involved in the preparation in some of the meetings going back to the late '90s, this is very standard on the part of the Chinese. They always try and say before the meeting, like, oh, Taiwan is the critical issue. Taiwan's the core issue. You have to be careful on Taiwan. So, you know, I would just – putting it in the historical context, I have no doubt that it will come up. I agree with Bonny. I think that they're going to be very careful at having Chairman Xi asked for something that they know they're not going to get. But I think that this is going to be part – put in the context of this, is critical for the overall U.S.-China relationship. And that is really the terms in which they've cast it, going back almost 30 years. So, you know, that I think there will be more same.

And then in terms of specific asks, you know, they recognize that they have to be careful on this, in part because President Trump has a very, very clear understanding of leverage. And the way he performs in meetings, like, he definitely understands when there's something that the other side wants. So I think that they're going to be very careful on how they do this, but I think that they also want to create a broader framework where the U.S. has a stake in the relationship and therefore that creates some atmospheric pressure on how the U.S. behaves with regard to Taiwan. At least that's their theory of the case. Over.

Ms. Chavez:

Great. Thank you.

We're going to move on to a question specifically for Phil, and then if anyone has other thoughts: Do you anticipate the upcoming Trump-Xi summit touching on the future of the global payments landscape or trade settlement architecture? In particular, how are policymakers thinking about the growing push by some countries to diversify away from dollar-based settlement systems? And do you see trade settlement mechanisms becoming a more explicit agenda item?

Phil, if you want to start on that one.

Dr. Luck:

Yeah. It's a fantastic question. Something we've been tracking quite closely. I defer to my colleagues who may know more on this. I don't expect that to come up in this meeting. I would imagine this to be something that's going to be coming up with – hopefully, with U.S. and close partners in sort of a parallel line of effort to the Chinese line of effort. This is becoming a much larger issue. I mean, the challenge that the U.S. has is that there's quite a bit of difference in approaches across U.S. and allied economies. You know, Europe is a very different place than we are, as other economies are as well. You know, I think the Europeans have, really, in their 20th sanctions package, laid to bear just how big this challenge was, with their blocking of Russian crypto-backed stablecoins, and showing, just to be candid, how ineffective

the entity-based approach that the U.S. has is for the scale and scope of the challenge.

Again, China is taking a slightly different approach. You know, they're trying to promote their structures, but in a slower and more centralized way, as you might expect. Again, I don't expect that, but it's a huge issue. I would imagine it to be something I would hope that would be coming into the G-7 presidency of the U.S. next year. But I don't expect it in this. But, please, I would love to be corrected if others think otherwise.

Dr. Kennedy: This is Scott. I'll just add I think Phil is actually quite right. I don't expect this topic to be discussed by the two leaders, even though President Trump has, you know, said before that he'd be very much opposed to others shifting away from using the dollar, and China's efforts to internationalize the renminbi and develop an alternative payment system, you know, goes against what he's been suggesting. But I don't think – I think that agenda is already too full and there's really nothing that the U.S. can really suggest to the Chinese.

I mean, the Chinese are most worried about potential financial sanctions, which this administration and previous ones have used against individual institutions and banks. And they want to reduce their vulnerability to those kinds of sanctions. And if the U.S. and China are going to escalate further down the road, the area of finance would be the be one potential area. That said, the efforts to internationalize the renminbi more broadly are highly restricted, because China is not willing to open its capital account. And I don't see any signal from my time in Beijing that suggests that they have reconsidered that basic, fundamental decision.

Ms. Chavez: Great. Thank you, Phil and Scott.

Another question for the group here, from Christian Wehrmann: What meaningful leverage would either side actually possess going into negotiations? Would Beijing enter talks believing Trump prioritizes economic wins over strategic competition?

I'll just open that up to the group for anyone's thoughts.

Mr. Kagan: So this is Edgard. I'll start off, and, you know, then pass it off. I think that both sides believe that they have leverage. Both sides believe that the other side needs something from them. And, frankly, both sides are right. I think the Chinese clearly want this summit to happen. And I think that that's something that I would just note is quite a change from what they were saying last fall, particularly before the Busan meeting. So I think that that's a reflection of the fact that they see benefit to doing this, an advantage to doing this. At the same time, I think that, you know, they're a little bit nervous

because they know that direct engagement carries risks. So both sides, I think, have worked very hard to try and prepare an agenda.

I think on the economic side, my understanding is that they're – it's not completely finalized, but it's relatively close. And I think that both sides are relatively satisfied. I think the wild card is Iran. But even on that, I think that, you know, the U.S. clearly sees China as potentially helpful on Iran, and wants to try and use the visit to get pressure. I think that the Chinese are going to try and manage it in a way that requires them to give as little as possible, while also recognizing that they have significant interests in a resolution that reopens the Strait of Hormuz, and that allows them to simultaneously preserve their relationships with key Gulf countries as well as Iran.

And I just noted that there was also a question about fentanyl. And I apologize for not having mentioned that earlier. I think fentanyl is important. It's something that has a direct domestic impact. And, frankly, I think it's one of the success stories of some of the U.S.-China cooperation going back a number of years, because there really does seem to have been a drop in fentanyl-related deaths in the U.S. that is almost certainly linked to it being harder to get precursors. So I think that they're going to try and expand the cooperation. They're going to try, first of all, to make sure that it continues. I think it's worth keeping in mind that they want to try and make clear this is critical for the relationship, and it's got to – improved cooperation has to continue. And then obviously they'll be looking to try and expand it as well, because this is something that does touch on key domestic equities. Over.

Dr. Kennedy:

This is Scott. I think there's a question about the two sides' relative power to each other – relative to each other, which involves both leverage and other forms of power. But more specific – but there's narrow kinds of leverage. And what we've seen, I think it was mentioned by Edgard at the beginning, is both sides have been picking up some chips which they might be able to negotiate on during the meeting next week.

We've seen the U.S. Commerce Department issue letters to several semiconductor tool companies to tell them to stop providing equipment to one Chinese semiconductor manufacturer, Hua Hong and their subsidiary Huali. There's in Congress some draft bills, like the MATCH Act and others which might impose further restrictions on China. That's obviously not the administration doing it, but those things wouldn't move forward without the administration's support.

And then we see the Chinese actually getting more chips. They had a new rule that they issued early in April on supply chains, another rule on opposition to others using extraterritorial justifications for restrictions on China. Slowing, in some cases, rare earths licenses for exports. The blocking – restrict notice in response to the oil companies that Bonny mentioned. And

then, blocking the Meta-Manus deal. So I'm not sure if – how either side will use these, but they're a reminder to both that they – that each has enormous has enormous – has enormous leverage over the other, and managing their interdependence in a way that doesn't lead to escalatory spirals is something that both sides will want to see if they can find a pathway through those issues.

Dr. Lin:

If I could jump in here, too, so I think from China's perspective President Trump has been a pretty hard president for China to actually read and understand where – what exactly he wants. I think there is a general understanding that he does want some economic wins from this meeting.

But I don't think the Chinese necessarily believe the economic wins are completely different or separate from strategic competition, because if they have read how President Trump characterizes the U.S. National Security Strategy and National Defense Strategy, I think they recognize that U.S. economic strength is a key component of how President Trump thinks about U.S. strength overall and also vis-à-vis China, right?

President Trump has characterized U.S.-China relations as China – as one of the United States' most important economic competitors. I think also within China there is also still deep sense of suspicion about the United States.

So even if they might assess that President Trump himself in the summit, which I don't even know it's correct or not, prioritizes economic wins, I don't think the Chinese would believe that the United States is not set on still competition with China. And that makes for linking to one of the other questions in terms of what China might be able to trade for – for example, for Taiwan.

I don't think the Chinese are going into this meeting thinking that if they can give President Trump a significant investment deal that President Trump is going to trade Taiwan for that. I don't – I hope they're not that naive to think that President Trump will trade Taiwan and I don't think President Trump will.

So I think it's really important to point out that, yes, President Trump did go in with some economic priorities, but as Edgard and others have mentioned, there are also Iran priorities, and then the Chinese also want to bring in Taiwan.

But these three issues are not necessarily tradable. It's not like, for example, if we have a really good trade – a really good trade or investment deal that Iran will – the Iran issue will somehow also be linked on to.

I think these are three separate things, at least in the minds of the U.S., and they're not really linked to each other.

Ms. Chavez: Thank you, Bonny.

I'm going to bring – Bonny touched on this a bit – but a question from David Smith for the group: How likely is it that President Trump will agree to weaken support for Taiwan in return for a deal?

Mr. Kagan: I think Bonny's kind of just addressed that.

My view is that, you know, the president understands leverage. This is my experience of being in meetings with him. He has a very, very acute sense of how to use it and, you know, I think that Bonny is exactly right. I mean, these things aren't completely fungible and interchangeable.

There's – and both countries have equities on both sides of each of these major issues. So I think that the president is going to want to signal an ability to work together with Xi Jinping and I think it's just worth noting – I mean, I think – and many people have heard him say this and you've seen this in posts. You've heard him talk about this in a variety of fora.

He has tremendous confidence in his personal relationship with Xi Jinping and that's very much how he looks at international relationships, and, ultimately, a lot of it does come down to the dynamics between leaders.

And so he's going to want to show that he's able to use that relationship to get tangible benefits for the United States. Obviously, Xi Jinping will want to do the same thing and show that he's able to get tangible benefits for China.

And I think it's worth keeping in mind for China the prospect of greater stability, greater predictability in terms of particularly economic actions that the administration may be taking but also on things having to do with export controls, technology, and regional issues, those – that is valuable.

And so I think that the idea that there's going to be a trade where, you know, the president sort of sacrifices U.S. interests linked to Taiwan in order to get other things I think is unlikely, based on my own experience of how he operates.

Ms. Chavez: Great, thank you.

Another question here from Audrey Clark: Do you think 301 port fees or shipbuilding priorities will be discussed?

Maybe for Phil and others.

Dr. Luck: Yeah. I haven't heard any indication that that's on the table. You know, again, I think this is an issue that's in some sense a little bit more thorny than

they'll be able to – or, I guess, at the very least I don't imagine any sort of outcomes from a discussion like that. You know, again, relative to some of the – many of the issues I think they're going to resolve in some sense are resolving issues that have arisen since January of 2025, right? This is – we've been in this sort of – and I'm glad that we're out of the cycle of escalate to deescalate in large part, but we are still in the process of sort of unwinding some of that escalation.

So I don't see that, again, in part because I think the basic incentives and basic objectives of both sides are almost entirely cross purpose. But again, very much value being corrected by some of my colleagues.

Dr. Kennedy:

This is Scott. I would say if it does – if that kind of topic comes up, I think it comes up by the Chinese in the context of not just the port fees, but the U.S. actions to try and restrict Chinese management of ports elsewhere around the world, particularly in Panama. And I think the Chinese position that they would articulate would be these are market actors providing critical services for global trade and they are not potential coercive weapons of the Chinese state; and the U.S. should stop engaging in those kinds of acts, which will raise prices and hurt the global economy. I'm not saying I agree with the Chinese position at all, but I do think that's the kind of statement that, if they touch upon this, that the Chinese would bring up.

Mr. Kagan:

This is Edgard. I agree completely with Scott and Phil.

And I would just note there's a practical issue. These meetings, first of all, the translation is almost always done consecutively because the Chinese tend to be more confident in that. Now, I don't know for sure; they may do simultaneous. But if it's consecutive, right away whatever the length of the meeting is, basically, halved.

And you know, there is a – there is a recognition, like, you know, when you're preparing for this stuff, every part of the administration, every part of the government – and this is true on the Chinese side as well – has their pet rock, that they want to get it. But the reality is that, you know, one of the things you got to do is you got to recognize who you're writing for, and I don't think either of these – certainly in the interactions I've seen with Xi Jinping, I've never seen him look closely at notes. The president certainly prides himself on not needing that. So I think that the idea that they're going to get into this level of detail on issues that aren't really at the center of the relationship, however important they are – and I don't mean to suggest that these things don't matter. But I think for both of them these are things that are derivative of the broader bilateral relationship, and so that's what they're going to focus on. So I would be very surprised.

Now, the truth is you never know, and it could be that, you know, one of them

raises this because they just heard something about it. But my instinct is that they're going to focus on the broader relationship. And I think it's worth keeping in mind there is the potential, at least – and I think it's clear that both sides are very much assuming – there will be a number of further interactions. This is an interesting year because China's hosting APEC and the U.S. is hosting the G-20, and there's also talk about a possible visit – a return visit by Chairman Xi. So I think all – they're going to be working in this. They're going to be working at the broader relationship, at figuring out what they can do together and laying down markers about what red lines are, but also, you know, trying to make sure that they're establishing the framework that will then allow, I think, more detailed discussions like these to take place.

Over.

Ms. Chavez: Great. Thank you.

And we're just about to hit time here in a couple minutes, so I think we have time for just one more question. I'll say in advance sorry to those whose questions we couldn't get to. Of course, feel free to reach out via email at press@CSIS.org or phone and we'll be happy to connect you with one of our experts.

So just one last question to round it out for the group: What is the biggest difference in the Trump administration's approach to China between the first term and the second? And are the Chinese approaching President Trump differently?

I'll open that last one up to the group.

Dr. Kennedy: Yeah. This is Scott Kennedy. I guess my view is that during the first Trump administration – I'll focus mostly on economics – is the administration has relatively limited ambitions on economics in the first term. And it basically was trying to use unilateral pressure, via the Section 301 investigation, to impose tariffs on China to get it to increase purchases of American products and engage in regulatory reform. So instead of using patient diplomacy and the WTO to get China to align its policies with its international commitments, using unilateral pressure to do so. This time, in the second Trump administration, the U.S. is not using pressure to get China to align with that international system. It has tried to break down that system, replace it with an alternative, and then engage with – use pressure against China to get it to basically engage in managed trade, and limit the relationship in areas the U.S. finds threatening. So much more ambitious approach by the second Trump administration than the first.

I think the Chinese response is even more dramatically different, in that they

in the first administration really just tried to keep things relatively calm and respond with proportional reactions to U.S. pressure, but never escalate and really try to keep things calm. This time, once the U.S. announced its liberation day tariffs, the Chinese responded forcefully and really pushed back to try and achieve escalatory dominance. Which they did achieve. And that's the position we're in right now. And so China has really felt, in some ways, itself liberated by its now willingness to use its economic tools in ways that it wouldn't have done so during – that it didn't do so during the first Trump administration.

Dr. Luck:

This is Phil Luck – oh, sorry. Real quick. Sorry. This is Phil Luck.

So just I completely agree with everything Scott just said, just adding an extra layer of, sort of, what the further implications of those changes have been. To Scott's point, I mean, whether you want to think of it as escalation dominance or just something else, you know, the administration has clearly been chastened, to some degree, with China's utilization of its control over critical minerals, specifically rare earths. That has obviously spurred a lot of momentum on DOD, and State, and others, but that's – those are all long-term things. So the United States has to deal with this in the short term or medium term. That also has reverberated to other allies. I mean, one thing we haven't really noted is, you know, our European allies, our Japanese allies, and many others, are also very curiously watching this because they're very curious how this will evolve, this relationship, over the next year.

The other thing I would note is, because in the first term, you know, the Trump administration really fairly narrowly targeted the PRC – it raised tariffs, you know, by the end of the term by about – to about \$400 billion worth of goods. And while there were steel and aluminum tariffs on other countries, relatively low. And, you know, at the beginning of this administration they, of course, ratcheted tariffs up along China. But because of the sort of escalation and deescalation pattern, one thing we really have now is we have tariff rates that are not very dissimilar on China versus our other close allies. So the average rate now in May of 2026 is about 30 percent on China. It's 20 percent on Korea, 19 percent on Japan, and, you know, down the line.

That's a way different – you know, tariff rates on China we're about double that of our allies about this time last year. So this escalation/deescalation pattern, and the way both sides have sort of adjusted their behavior, has not just had impacts on the bilateral relationship but has had impacts on sort of how other countries are being treated by and interacting in this global system as well. Sorry, Bonny. Over to you.

Dr. Lin:

No worries. Thank you. I'll just jump in very quickly on the security side. So we see actually quite a bit of similarity between what's happening now and

the first Trump administration, whereas when it comes to China there's an emphasis on greater dialogue on the military-to-military side. And there's also, at the same time, continued significant efforts from the Pentagon to deepen our capabilities, our exercises, our cooperation across the board with U.S. allies and partners in the Indo-Pacific.

I think it's important to note that, despite the fact that President Trump is going to China and there's lots of pomp and display associated with this visit, the United States is quietly doing significant work with some of our closest partners in the region, in many ways making lots of – or, carving out new areas of cooperation and making significant – (inaudible) – that we didn't see before. So that's another area of continuity between what we're seeing now and the first Trump administration.

I will point out one thing, and I hope Edgard can also jump in here, I think China's approach towards the Trump administration, or towards the U.S. in general, has changed. It's been, you know, almost 10 years since when President Trump was first elected. And China has become, from their perspective, more powerful and more confident. So we have a China much more willing to push back against the United States now, because of that growing capability, than, say, 10 years ago. But, Edgard, over to you to add more to that.

Mr. Kagan:

Yeah, look, I agree with the with what's been laid out, but with a couple of caveats. I think the first is at the beginning of the second Trump administration I think the Chinese expected a continuation of the first, which, in their mind, became more and more aggressive against China over time. And so I think that one of the things that, in my view, has been very interesting – I think you saw this in the run up to the Busan meetings and you've seen it now, and then at the meetings following that – is I think the Chinese are starting to believe that there's least a prospect that the president is less hardline against China than they had originally feared. And that there's room to work with him in ways that I don't think they necessarily believed would be the case, particularly in the first six months of last year.

The other thing I think it's worth highlighting is that one of the reasons why China is able to be more assertive vis-à-vis the U.S. is the reaction and the results of steps that were taken in the first administration. However one feels about it, the reality is there's a lot fewer exports from China to the U.S., at least directly. And China has become less dependent on the U.S. economically than it was before. You can disagree about what the final demand is and other things, and I think those are very legitimate disagreements, but there's no question that China has more flexibility. And also, China has been working very hard to develop tools.

So I think that from their perspective they are intrigued at the possibility

that this administration is less hardline or hawkish than they had initially expected. And I think that one of the things that you will be able to judge, and I'm certainly looking for, is the degree of warmth that the visit shows, and the degree to which they come out of it thinking that there is an ability to work somewhat productively with the U.S. on a variety of issues. So my sense is they're actually more confident, yes, but they also are more hopeful that perhaps the president is more willing to work with them than they had initially believed. And I think that's part of what's underlying what they're doing right now. Over.

Ms. Chavez:

I think we've just reached time here. So I want to thank our speakers and all of our participants for joining this timely call. Please don't hesitate to reach out if we can be a resource on anything else. We're here to help. And, as I mentioned at the top of the call, we will have a transcript distributed to all of you, and it will also be made available on our website at CSIS.org. So, with that, I hope everyone has a great rest of the day, and thanks for joining us.

(END.)