

Center for Strategic and International Studies

TRANSCRIPT

State of Play

## What did the Trump-Xi Summit Achieve?

DATE

**Friday, May 15, 2026 at 11:00 a.m. EDT**

CSIS EXPERTS

**Edgard D. Kagan**

*Senior Adviser and Freeman Chair in China Studies, CSIS*

**Scott Kennedy**

*Senior Adviser and Trustee Chair in Chinese Business and Economics, CSIS*

**Bonny Lin**

*Director, China Power Project and Senior Adviser, CSIS*

**Will Todman**

*Chief of Staff, Geopolitics and Foreign Policy Department; and Senior Fellow, Middle East Program, CSIS*

*Transcript By*

*Superior Transcriptions LLC*

[www.superiortranscriptions.com](http://www.superiortranscriptions.com)

Will Todman: President Trump is on Air Force One on his way back from China. He just participated in the first summit in China with Xi Jinping in almost a decade, and the readouts highlight different issues. But we know they discussed economic relations, Taiwan, Iran, and more. Today, we're asking: What did the Trump-Xi summit actually achieve?

I'm your host, Will Todman. Welcome to a live episode of State of Play.

(Music.)

So I have gathered three of CSIS' leading China experts to have this discussion. The fact sheet isn't even out yet, so I'm putting you all on the spot but we wanted this to be as timely, as current as possible. So I'm going to introduce you in turn.

So Bonny Lin is our senior adviser and director of the China Power Project. Bonny, this is your first time in the studio, so welcome – on State of Play.

Bonny Lin: Thank you.

Mr. Todman: Next, I'm really delighted to welcome for the first-ever time on State of Play Ambassador Edgard Kagan. Edgard served as the U.S. ambassador to Malaysia until just February this year, previously serving as special assistant to the president and senior director for East Asia and Oceania on the National Security Council. Edgard is now CSIS' Freeman chair in China studies and also a senior adviser. Edgard, welcome to State of Play.

Ambassador Edgard D. Kagan: Thank you. It's great to be here.

Mr. Todman: (Laughs.)

And Scott Kennedy. Scott, welcome back to State of Play.

Scott Kennedy: Thank you.

Mr. Todman: Scott, as I think you will remember, is senior adviser and trustee chair in Chinese business and economics.

So, Scott, maybe we can start there. I think going into this summit there was quite a lot of focus on the economic piece of the U.S.-China relationship. Some hope, perhaps, that some big deals might get announced, we might have some breakthroughs. Previously, in fact, just last month when you were on State of Play, you talked about a board of trade, a board of investment. So what is your assessment? What are the most important outcomes on the economic side?

Dr. Kennedy: Well, it's really great to be here with you and my colleagues to try and break down the summit, even though the amount of information that we have is relatively limited. We're going on the economics front based on what Secretary Bessent said in some interviews, same with USTR Greer, and some comments the president has made either on social media or on the airplane on the way back. So we don't have an official fact sheet yet or a statement from the U.S. side, and certainly nothing yet from the Chinese side. They've basically been mum the whole time.

But I think what they are likely to announce, based on what we've heard so far, is not very different from what we discussed a few weeks ago, and so potentially some agricultural sales of 10 billion-plus, perhaps Boeing aircraft – a smaller order than originally rumored – probably 200 planes, perhaps, although none of those would start to be delivered until, like, 2030.

Mr. Todman: If I can just interrupt, Boeing stocks fell last night because it was expected to be more, is that right? Yeah.

Dr. Kennedy: Yes. I think the rumor was going to be the 500 planes on order. And of course, these come from Chinese airlines. President Xi doesn't actually buy planes and then hand them out. And so we'll need to see Chinese airlines announce the purchases and actually provide deposits for those planes to know that these are real orders. Yes, a board of trade, which USTR Greer said would focus initially on finding products cumulatively worth about 30 billion (dollars) for tariffs to be lowered on. A board of investment, which would be a sort of a framework to look at possible Chinese investment, but no specific deals.

Mr. Todman: Can I – sorry to interrupt you again. Can I ask you, like, what is a board of trade? What does that actually mean?

Dr. Kennedy: A board of trade is a fancy word for a committee or a dialogue group, somewhat like the Strategic and Economic Dialogue, where the Joint Commission on Commerce and Trade that has existed in previous administrations, that Edgard would be familiar with, just to talk about these issues. But they need to have a different name because it's a different administration so it needs to look like a major breakthrough. The same with – and so I think it's mostly old wine, new bottles. An AI safety protocol, which, again, is basically an extension of an agreement reached during the Biden administration, but, again, differently structured.

And then I think lastly, although they didn't discuss it, probably an extension of the ceasefire that was announced in Busan for one year to cap

tariffs and ensure continued flow of rare earths. And no new U.S. export controls on chips. But how long that will be, we're not sure. I would say all of that adds up to a grand bargain for China. I think they come out of this on the econ side doing relatively well. They've given up very little. They've gotten some things, particularly the extension of the ceasefire. And they didn't have to talk about anything sensitive – industrial policy, global imbalances, no red lines on the econ side for them. And, you know, compared to where we were a year ago, with 145 percent tariffs and the U.S. really trying to push China and the rest of the world to fundamental change, we've had a counterrevolution, and we're back at stability.

Mr. Todman: OK. I think that might be a word that we use a lot today. I think ceasefires might also come up quite a lot, because we'll be talking about Iran as well. But that was ceasefire in the trade war.

Dr. Kennedy: Yes.

Dr. Lin: Can I follow up with Scott on market access and energy? Because there's been press reporting about – at least on the U.S. side – suggesting more Chinese market access and Chinese purchase of U.S. energy. Have you seen that?

Dr. Kennedy: So that was also rumored, that China would commit to buy more U.S. oil or LNG, something that they did until 2025 when we stopped off the – stopped those sales. This is meant to be compensation or Chinese help with the Middle East. I think these are going to be relatively small numbers. And, of course, you know, where is the U.S. really putting – should put most of its focuses on advanced technologies. And so selling energy, agriculture, is not bad and helpful for certain parts of our economy, but where we need to be most competitive, you know, there was no announcement of sales of semiconductors and, of course, that's very controversial as well.

So I think that China's made a little bit of an offering in some areas but they really haven't, you know, had to give up much of anything and I think that we – you know, I was thinking about this as I was looking at the list, you know, where's the beef – there's some beef.

And then I was reading in the paper this morning that the creator of the "Where's the beef?" commercial for Wendy's actually had passed away, and so I think it's a little bit ironic – (laughter) – that I was thinking that and then in the newspaper this is coming up.

Mr. Todman: OK.

Amb. Kagan: I think that, you know, these are very well – points that are very well taken. I'm not completely surprised that we haven't seen the details come out

because usually – and this has been true in a number of the recent engagements – it takes a little while for each side to feel comfortable.

We're not seeing a joint statement or joint readout, but typically what happens is each side shares with the other in part because they know it's damaging if it looks like they're contradicting each other. My expectation is we will get that.

I think Scott's, largely, correct in terms of the fact that the Chinese aren't putting much that's really new on the table. I think that the tone matters, though, and so what I'll be looking for is what's the tone that's used, how much does it look like it's a commitment.

And just to get to the Board of Trade question, Scott's completely right. We've had structures like this before, but they've tended to have different mandates and so my sense is that what makes the Board of Trade different is that this is very explicitly about managing trade.

In the past, we didn't talk about managing trade. The goal, as Bonny suggested, was we wanted China to open up. We wanted trade to be freer, not more managed, and, you know, you can argue is this a good thing or not a good thing, but I think that the reality is things have changed. This is probably the – you know, the direction that both countries are comfortable with.

I think that what will be significant is that one of the clear mandates, at least as I understand it, of the Board of Trade will be implementation of whatever commitments were made or were agreed on here, and that's going to be a challenge because theoretically, the JCCT, as Scott mentioned, was also supposed to do that.

But, you know, there were always real problems on the implementation and it may be that the structure of having more leader-level exchanges gives a little bit more impetus to the – you know, this group, which I would say is, you know, very senior by the standards of both governments, but it doesn't involve the actual leaders.

But it gives, hopefully, an opportunity for both sides to work on making sure that each side follows through.

Mr. Todman: OK. OK, great.

There was a huge delegation that traveled with President Trump. We saw a delegation of business leaders as well. So we saw Elon Musk. We saw Jensen Huang. We saw Tim Cook. I think he's retiring soon, but maybe one of his last big trips. Were any of you expecting more to come out on the sort of

private sector side or is that all, you know – or was this sort of a show of what the American private sector can do, the kind of the power of some of these huge companies? Was it more about optics than expecting specific deals?

Amb. Kagan:

My guess is it's mostly optics to look like he's taking some of the most important company leaders in the world with him. If you look at the list of who was on the plane and who attended, there's sort of three categories of companies.

The first is agriculture and that's Cargill, basically, holding the flag there – the largest trader in agricultural products globally.

Then you have several financial institutions. Companies like Visa and Mastercard has had a difficult time in China's credit market, even though we won a WTO case on that a long time ago, and then some other financial and some banks and others looking to expand their opportunities.

And then tech companies, most of which already have success but are facing significant either regulatory problems in China or significant Chinese competition or industrial policy.

And, you know, you have a company like Lumina, which was on the unreliable entities list until recently, sells DNA sequencing equipment. And so Facebook, which doesn't, you know, have customers in China in terms of users but a lot of advertising revenue from China.

But my guess is that group, that they asked a lot of companies and got – these are the ones that were available, and so there's a little sort of post-hoc rationalization. And we'll wait to see what comes out of the meeting formally to see which of these end up being big winners. I do know, you know, since Jensen Huang was on the trip, famously, and you know, flew up to Alaska to meet the plane on his way over, he wasn't originally planning to go. And so that makes me wonder, you know, on the semiconductor side, on AI chips, I'd be – the U.S. Commerce Department has approved those sales after a lengthy discussion. The Chinese have yet to place an order. And it sounds like they may not place an order, but we'll just have to wait and see.

Dr. Lin:

But it actually seems like, Scott, from what you were saying, a lot of these companies have specific asks of China, whether that's more market access or China to change regulations or China to not engage in more action against them. So, like, I mean, it might just be a lot of U.S. companies have that, but it seems to me, like, at least from the White House's perspective they did assemble some of the most powerful companies that are trying to make more inroads within China.

Sorry. Sorry for cutting you off, yeah.

Amb. Kagan: Yeah, no, I think that's right. And there's a dynamic here. These are all companies where the CEOs have an interest in suggesting that they have support from the White House where they have issues with China. So part of this isn't necessarily about the China piece, but there is a domestic piece that the White House wants to show that it is able to, you know, do things for the CEOs of major companies that employ a lot of people in the United States. So I wouldn't necessarily read it as this was part of a carefully choreographed thing, there were going to be agreements in each of these things – each of these areas. This was also about signaling: Hey, we can help you to try and make sure that they're supportive in other areas on domestic policy.

Dr. Kennedy: Yeah, I think that's exactly right. And I do think if they – in addition to them being there and showing the flag and being part of that sort of alignment, you could effectively use their presence to highlight places they've made success and where they face problems because of regulation, industrial policy, and other kinds of things where China's not fully met its commitments or far from it.

I think the other interesting part of the businesses being there, if you look at the dinner where they were, there were some Chinese company executives who most Americans are not aware of but are actually in some cases partners or competitors of these companies, like Lei Jun, who is the founder of Xiaomi, a company that makes devices but also now has cars. And so you've got, you know, a bunch of companies on the American side that he interacts with or is competing with, and then others – the company that makes screens that go on Apple's iPhones, for example; a woman who started with almost nothing and built a giant. She's the wealthiest woman in China now. So it was actually pretty interesting if you look at some of the specific folks who were there on both sides.

Amb. Kagan: And one other really interesting thing is somebody, and I assume it was Nvidia and Jensen Huang, put out some video and some pictures of Jensen Huang having zhajiangmian at a very famous noodle shop in Beijing. And I think that part of that is a very calculated thing of showing respect, showing appreciation for Chinese culture, with the goal of really trying to humanize himself to a Chinese audience. And I think the audience, I suspect, is, you know, elite – trying to show, like, you know, I want a good relationship with China.

Mr. Todman: Let's move on to Taiwan. So I nearly said in the intro that the two leaders discussed arms sales, but you corrected me just in time and said, well, we actually don't know if they exactly discussed arms sales. But, Bonny, I'd love to hear your take on this. What do you think this summit means for Taiwan?

Dr. Lin: Sure. I think maybe before getting to Taiwan it might be useful to talk about the – what Xi first presented in the Chinese readout before Taiwan, which was a recasting of U.S.-China relations. And I think he characterized it as a – let me find the exact wording here – constructive strategic stability, right? So a – both sides agreed on a new vision of building a constructive China-U.S. relationship of strategic stability, and specifically said that this would guide relations for the next three years and beyond. I think we can – we can follow up a little bit later about what it actually means, but it was in the context from Xi Jinping’s perspective that we’ve now achieved some strategic stability that then he provided the comments on Taiwan, which were that if Taiwan is not handled well it will undermine overall stability in U.S.-China relations.

And specifically, what stood out to me was he was very, I thought, more blunt and severe than before in highlighting that if Taiwan is not handled well the two countries will have clashes and even conflicts. And he also mentioned that the U.S. must exercise extra caution in handling the Taiwan question. So this doesn’t deviate too much from before in terms of China has always been more forthcoming and more, I guess, sharp in its words on Taiwan, and warning the United States. But some of the language before has been encouraging the United States to exercise prudence.

And here we see, for example, terms like “extra caution” and the use of the word “conflict,” that we haven’t seen quite so much in prior Chinese readouts. Though, I think it’s important to note that the word “conflict” was the English translation of a Chinese term that we have seen in prior readouts. So it’s interesting, like, what exactly is the actual change in terms of the language? But I think what they’re at least trying to convey to the United States is China takes Taiwan as the most important bilateral issue. And if it’s not handled well, whatever the two sides agree on, in terms of what they’ve achieved on strategic stability, will be at risk. So it’s first dangling of a carrot of what they have achieved, and this carrot will be – this positive relationship will be rolled back, or could potentially be harmed, if the United States is not careful on Taiwan.

Mr. Todman: And I think we saw Secretary Rubio say that the U.S. strategy on Taiwan has not changed.

Dr. Lin: That’s right.

Mr. Todman: Its policy has not changed. Do you think there’s any risk of that changing? I mean, some of the conversations I was hearing beforehand, there was some maybe wild speculation that there would be some kind of grand bargain between Taiwan and Iran – and we’ll come to Iran a bit later. But were there

serious risks, do you think? Or was it ever a real possibility that President Trump might announce a new policy on Taiwan? Or should we have expected, you know, pretty standard language?

Dr. Lin: I think there's probably a wide range of expectations in D.C. on this. But I think, at least from my perspective, I think the Chinese would be interested in it, and there was a lot of discussion on that because we were probably hearing probing from the Chinese side in terms of whether the United States would be willing to do so. But I did not go into this summit expecting President Trump to be willing to provide those concessions, or any changes in U.S. policy.

I would note, in addition to what Secretary Rubio said about no change in U.S. Taiwan policy, President Trump has also made clear he did not discuss whether he would support – whether he would defend Taiwan or not with Xi Jinping, even though Xi Jinping seemed to have asked that question.

Mr. Todman: Hmm.

Amb. Kagan: I would just add, though, he did say on the plane, when he gaggled on the way out, he did say, though – and I forget the exact quote – but, essentially, the last thing we need is a war 9,500 miles away.

Dr. Lin: Right.

Amb. Kagan: Now, look, that's not inconsistent with what presidents have said in the past, in the sense that nobody's ever said, you know, I really want a war. (Laughter.) But at the same time, the context suggests that he is sending the message, we're not looking for conflict. Which can be read as reassuring, you know, essentially saying we understand this is important. But if I were in Taiwan, that's not a message that I would really like to be not just coming out of the U.S., but actually said directly by the president of the United States.

Dr. Lin: And to add to – oh, sorry.

Dr. Kennedy: I was just going to ask question on this. And, again, not being the Taiwan expert, although, because of the semiconductor industry I'm quite interested in where they are.

Amb. Kagan: You play one on TV. (Laughter.)

Dr. Kennedy: Right? Yes. Yes. But, you know, I can under – it seemed like the way the discussion on Taiwan was framed in Beijing and how you're recalling it is really China on the offense of trying to establish what the guidelines should be. Is there any kind of possibility that the president could have, or previous

times, you know, highlighted that to avoid trouble and mishandle this that, you know, China might want to reconsider some of its activities? Because, I mean, their level of operations in the Taiwan Strait and gray zone activities that Bonny and others have highlighted have really ramped up radically. And so if you're looking for sources of potential conflict, it seems like China also has much that they need to live up to.

Dr. Lin:

Yeah. I don't see – I didn't see any indication that China was willing to reduce its military activities, in particular. What we did see when KMT Chairperson Cheng Li-wun went to China, and after she came back to Taiwan, was more carrots that the Chinese were willing to provide on the economic side, as well as dangling of potential opportunities for Taiwan businesses and increasing linkages for both tourists and travel. So I think, in my understanding, even in track two conversations with Chinese interlocutors, they are not willing to consider whether China will roll back the military side. Which is a huge problem because if you only have the carrots and you're constantly beating Taiwan with the stick, it's very understandable why Taiwan is very concerned about what's happening in China.

But I also wanted to add to what Edgard mentioned earlier. I think also on the plane back President Trump did also make a statement about he had not made a determination on the arms sales to Taiwan. So as you know, there is a 14 billion (dollar) arms sales package to Taiwan that's ready to go. And a number of members of Congress on both sides have encouraged President Trump to approve those arms sales. So that's something that we'll need to watch. And if we see the pattern like last year, it might – the arms sales could come at the end of the year or, I don't know, when it's more convenient, given the other political calendar of the two sides.

Amb. Kagan:

I think that's exactly right. Just to go to Scott's question, I think you're exactly right, Scott. Which is that in the past, at times, White House readouts have emphasized what the president said on Taiwan along those lines, like, saying, you know, we usually – it does – they're not saying, yes, we really are looking for a war. But rather they say, you know, the importance of, you know, a peaceful – you know, peace across the Taiwan Strait, you know. And in meetings often that's raised. One thing, and I'll say I'm pretty frustrated, because we haven't seen a detailed White House readout. They issued – they basically tweeted out something that was relatively short. They actually tweeted out, as I understand it, to the traveling media. And then it got put out more broadly because the media then put it out. Again, so the White House wanted to have, like, their version of what – you know, what they sent out.

But the – I mean, this is where – you know, and, again, I don't want to sound like I'm defending my previous profession. (Laughter.) But this is where the

details actually matter. And the fact that the Chinese readouts are much more detailed and much more fulsome make it much harder to really get a good sense of what's happening. And I think the White House is actually essentially hurting its own ability to make its case. My guess is we're going to see fact sheets coming out from both sides – or, we'll call it a fact sheet, the Chinese will probably put it out as a statement – that will give, you know, each side's take on what's been agreed.

Typically, you know, it's a long time since we've done a joint statement with the Chinese. And, like, joint statements with, like, really close allies and friends are a pain in the butt to negotiate. (Laughter.) I shudder to think of what it would be like trying to do this. But the reality is that we typically do coordinate, because, obviously, it becomes a problem for each side if it looks like the differences are too great. And so my guess is that'll give us more insights. And particularly I think Scott will be the biggest beneficiary, because in his area there's going to be more details, I suspect. Though, obviously, what isn't covered also sends a strong message.

But to me, the key thing on Taiwan is this is how the Chinese have handled it in the past. I don't believe that there is going to be a detailed negotiation where they say, if you do X we'll do Y. And there's a couple of reasons. One is that they don't like putting their leader in a position where he asks something and gets a no. Like, we don't mind doing that to our guy. (Laughter.) They don't like doing that to theirs. And the second thing is, and I think this is really critical, the Chinese don't see Taiwan as something to negotiate on. They see Taiwan as theirs. And I would say this is pretty consistent. This goes back to the Clinton-Jiang discussions in '97 and '98. The Chinese have always used similar language about how important Taiwan is.

Now, there's nuances. And I think Bonny's right. This is – the fact that they chose to do the English translation as conflict I think is a sign that they're trying to warn us. But this is what they've always said. So in my mind, this is more consistency than change. And it's a sign. And, you know, I think Scott's basic point may drive this, which is they feel their position is strong. And the thing that they don't want is for us to do something that, in their mind, would encourage Taiwan to take an action that they would feel the need to react against. Now, you know, again, I don't want to say I agree with their position, but I think that this is very consistent with how they've done it in the past.

Mr. Todman:

Yeah. OK.

I want to talk about Iran because Iran is one of the areas where there were some quite significant differences in the readouts that I saw. I think on the Chinese side they just said they discussed the situation in the Middle East –

(laughter) – whereas President Trump said, oh, Xi and I agree on the fact that Iran should never get nuclear weapons, we agree on the fact that the Strait of Hormuz should be open. So do you think there's anything significant on Iran that came out of this, or do you not expect it to have really resulted in, you know, shifting the dynamics and indicating some greater Chinese willingness to get involved in the conflict? Anyone.

Amb. Kagan:

What I'll say is I've seen nothing that isn't consistent with what we've seen in the past. I mean, Xi is on record as calling for the Straits of Hormuz to be reopened publicly, so telling that to the president seems completely consistent. I cannot imagine that he's going to say, no, I want to close the – you know, he's going to be consistent with what he said before, which is in China's interest. China's always taken the position that they oppose Iran having nuclear weapons. So I think the significance is the Chinese don't want to play that up.

I could see a couple of reasons for that. I mean, one is that they, you know, just had the Iranian foreign minister there. I don't think they're necessarily looking to suggest that they have completely flipped and are now embracing the U.S. position. But I believe that the Trump readout of what they're saying is more or less correct, because that sounds exactly like how they would say it.

Now, what he didn't say is the Chinese are going to deploy forces – the Chinese are going to do X, the Chinese are going to do Y – in a way that suggests that they're really fundamentally changing their position, which is to me more or less what I would expect. I think the real question – and I think it's way too early to tell – is: Does China take steps in the coming days and weeks that suggest that they are distancing themselves from the Iranian position? Or, conversely, do they do things which suggest they're actually providing support or embracing the Iranian position to a greater degree? My expectation is we won't see any of that, but if we do then that will suggest these meetings were more significant than the readouts initially suggest.

Dr. Lin:

If I can add to that, we did see Wang Yi, China's foreign minister, meet with his Pakistani counterpart in the lead – I think one day before President Trump arrived. So it's possible that China may ask Pakistan to do more to mediate. But again, like, that doesn't actually put enough pressure on Iran where it actually changes the situation too much.

The other thing I saw President Trump say was that he said he had received a commitment from Xi Jinping to not provide weapons to Iran. So we'll see. I mean, I think China understands that's a red line for the United States. President Trump is communicating that again and turning it to Xi Jinping agreed to that.

The other thing is in some of the Chinese readouts that came out about Iran China also stated some of its prior positions, which include that the United States should never have started this war to begin with.

Mr. Todman: Sure. Yeah.

Dr. Lin: Right? So, exactly like Edgard said, very consistent.

Mr. Todman: OK.

Amb. Kagan: And the fact that they added that to me is quite significant because it means either they're annoyed by, you know, how we're characterizing this – which, you know, is quite possible – but I actually think that what they're really doing is giving themselves more space if they are going to put a little bit more pressure on Iran. I think that they will encourage Iran – and my guess is that they have been – to just sign; you know, reach an agreement, you know, get this – get the strait reopened.

What I found interesting in what the president said which is new is the idea that Xi expressed opposition to the, quote, “militarization” of the Straits of Hormuz and a tolling mechanism. That's actually quite significant. And, again, consistent with Chinese policy, I could easily imagine Xi saying that in the meeting. But that is actually a fairly strong signal to Iran, and it's completely understandable. I mean, if there is a tolling mechanism, chances are China pays the most in tolls. (Laughter.) So, I mean, I can't imagine that they would like it.

And the thing that's really worrying for the Chinese is Straits of Hormuz, basically, the tolling only goes in one direction. The thing that's going to be really worrying for them is if that sets a precedent. You can already see in Indonesia people looking at, gee, how can we monetize the Straits of Malacca and Lampa Strait? That's something where it would have a much greater impact on China, because effectively it's going in two directions.

Dr. Kennedy: Yeah. I would say on the economic side of this that China's probably gotten about all they can get out of the U.S. getting bogged down in a conflict, right? That, yes, they had oil reserves; they've got their own energy transition; they've got ways to benefit from this longer term; but they probably would like there to be free flow of oil and trade and not watch this potentially escalate into some other kinds of regional conflicts, because, again, what they were trying to get out of this broadly, as Bonny said, is stability. And so the U.S. is probably not going to re-escalate with Iran, so really just figuring out how we can move this to the side and get back to business as usual would be their preference, even though they're probably not willing to lift many fingers to make that happen.

Mr. Todman: Yeah. OK. Let's zoom out –

Amb. Kagan: Just one other thing, and I think that this is sometimes missed, and I apologize. But this is really thanks to, you know, very good work that Bonny and her team did, and I think Scott's commented on this as well.

China isn't just affected by the flow of oil to China. The conflict touches China in a number of different ways. So one of them is, obviously, the Chinese have very large reserves, but the reserves aren't infinite and they have a lot of demand. And I'm sure that they are watching the state of their reserves with the same eye that some people are watching the state of our munitions stockpiles, because for them this is a real thing that has real impact on them.

But the other way that it affects them is, obviously, indirectly in the form of chemicals that are based on petroleum, because they are, obviously, major producers but also consumers, and that changes for important price signals.

And then the last way, and I think the most important, is China continues to be incredibly exposed to the international economy, but in different ways. Last year, their net exports hit an all-time record. But at the same time, their exports to the U.S. went down by around \$100 billion, I think.

Dr. Kennedy: Yes. Yes.

Amb. Kagan: The delta was exports to largely the, you know, developing world, particularly Southeast Asia, also the Middle East – and those weren't going to Iran; they were going to Gulf countries – and to Europe, as well as Africa and Latin America. A global economic slowdown hurts them. And if you look at their economic data – and Scott knows this much better than I do – but just a very surface thing, you can see one of the key drivers of growth last year was this increase in net exports. And they're exporting higher-value stuff as well, particularly EVs and other things linked to energy transition. Global economy gets a cold, it's going to be bad for them. And I think that that's the longer-term concern that they have.

My guess is originally they were happy if it looked like it was going to hurt the U.S., but now the longer this lasts the more likely it is to hurt them and there's this weird paradox. They've reduced their exposure to the U.S. market at a time when the U.S. market is arguably the one that will be the least impacted by this. So I think that they have a lot of reasons to want the straits reopened.

Dr. Kennedy: Yeah. Agree a hundred percent.

Mr. Todman: So I want to talk a bit about the broader trajectory of U.S.-China relations and what we can learn about that trajectory based on this summit. So we've used a few words. We've talked about stability. We've said China has talked about constructive strategic stability. What are your takeaways on where this relationship is going? Bonny, can I start with you?

Dr. Lin: Yeah. Sure.

So I think – I think at least the signal from both sides is that both sides want a more stable relationship. They want a relationship in which differences are managed. They don't want between now and at least the end of the year, if not – if you look at when President Xi Jinping proposed this new vision, he specifically said three years. And I found it really interesting, because most of the time Chinese concepts are, you know, for decades, not three years. So it's a desire to extend the trade truce and have this stability at least to the end of President Trump's term.

But again, the Chinese side also made it clear from – at least from their perspective this is something that they want to work towards, but it's – there are lots of hurdles, including Taiwan. And I think it would be interesting to actually talk about very briefly what are the – what the Chinese envision as the four components of this strategic stability. And again, like, all we have right now are from the readouts and it's still probably going to be better defined in the coming weeks, but at least from Xi Jinping, the way he defined it, is positive stability with cooperation as the mainstay; which means, from my perspective, more cooperation between the two sides. I'm not exactly sure on what areas. I think we can discuss this. But that's a first component.

Amb. Kagan: Those that are good for China. (Laughter.)

Dr. Lin: Yes.

Healthy stability with competition within proper limits, so, you know, trying to limit the competition or manage the competition.

Constant stability with manageable differences. Not exactly sure what that means, but it seems like where there are significant differences at least try to manage those differences.

And lasting stability with expectable peace. Again, not exactly sure what that means, but I took it to mean that if both sides want peace between the two countries and want to avoid war maybe that is the right path. But again, I think not very well defined yet, but at least the Chinese side have put

together – put forward a framework or whatever you want to call it and it has components. But again, we can discuss whether the components even make sense or are doable. (Laughs.)

Dr. Kennedy: Yeah.

Dr. Lin: Yeah.

Dr. Kennedy: I was just going back and looking at the history of summits, and I really was attracted to trying to learn more about President Reagan's visit in May – in April and May of 1984. And, as you know, a staunch anti-communist, but on the way back they had to refuel in Alaska then. And he gave two speeches in Alaska on the way back, and he said that he had just visited the so-called communist China, and that it was moving toward capitalism in addition to achieving stability in the relationship. And that then led to several administrations looking at hoping and nudging China in a more market-oriented way to integrate with the rest of the world.

Of course, over the last decade we've become less optimistic about that, and in fits and starts we've given up that illusion. President Trump's trip is the bookend to the Reagan visit, where he says for sure that is not something we're seeking. We're not expecting any kind of change in China.

But I'd go even further than that. His domestic – his approach towards governing domestically, which I would say and they would say is illiberal, and his views about the state of – the role of the state in the economy and his foreign policy, sound – looks not radically different from the kind of values and approach that the Chinese are taking. And so in some ways what we're seeing is an alignment and comfort between the two sides, because we've given up the effort to move them in our direction and President Trump has moved at least the executive branch in the Chinese direction, and I think in a way which diminishes the U.S.' influence bilaterally and globally. And so I think that's what is leading to the comfort between the two sides that we haven't seen by other administrations. That's very distinctive now.

Mr. Todman: Interesting.

Dr. Lin: I really don't agree with you, Scott. (Laughter.)

Dr. Kennedy: OK. Yeah, OK. Yeah.

Dr. Lin: Yeah, I don't – I mean, I think, you know, every administration has its challenges and has its limitations, but I don't think fundamentally the United States under President Trump is moving to a system of values or a perspective on governance that is the same as China's. I mean, just look at –

looking at China domestically, Xi Jinping has consolidated power, purged those who are corrupted and those who don't align with him, both on the civilian side and the military side. We have not necessarily seen that in the United States.

I also believe that President Trump raised human rights issues to Xi Jinping. I don't think they were necessarily successful based on what I could see. I don't think Jimmy Lai is going to necessarily be released. But these are some – these are values that at least President Trump is raising to Xi Jinping, and values that I think within China they're not necessarily –

Dr. Kennedy:

Yeah, just to – again, maybe it's the way you might interpret what I was saying. But certainly, if you look at the president's and this administration's approach towards immigration, in certain kinds of value/issue-oriented areas, his admiration of Xi Jinping individually, that's different. And of course, the way that we're intervening in the economy and the way we are before, those are, you know, different than previous administrations.

So, obviously, we have a multiparty democracy; China's authoritarian. I'm not saying that we're looking at any kind of convergence there. But I think there are some kinds of levels of comfort that he has that makes him feel more comfortable in that relationship. And so that's just the only thing I wanted to point out.

Amb. Kagan:

I have to say I'm a little disturbed or a little more sympathetic to Scott's – (laughter) – perspective.

I would just note, though, that, you know, this is not completely new. I mean, if you look carefully – and for some strange reason I still remember this – the Biden administration's Indo-Pacific strategy used the language, which then got repeated in a number of other things, which was that we essentially accept we can't change China, or we're not going to change China. But we're going to – we can influence it through changing its external environment. The line that actually, you know, Rush Doshi gave us, and when we got – managed to get the strategy out before the invasion of Ukraine. But I think it's significant because I think you basically – I mean, there was a period where there was an expectation that China is changing, and then we can help change China. That is gone. You know, in the sense that nobody, I think, believes anymore that we're going to fundamentally change the Chinese system through external pressure. And there's an acceptance that we have to work with them.

I think that – the significant thing I find in the Chinese statement is, in fact, the Chinese used to reject referring to competition. The fact that they're now putting it in Xi Jinping's words, to me, is a big deal. And I think that it's something that, you know, when – at the beginning of the Biden

administration and at the end of the Trump administration – and I wasn't directly involved in China discussions in that period – the Chinese didn't like the word "competition." They didn't want it in any official documents. You know, they were always win-win cooperation, which, you know, we took as their form of, you know, how they say "competition." (Laughter.) But the fact that they're now talking also about strategic stability. We tried to have – and, you know, we pushed, the Obama administration pushed. And at the end, actually the Bush administration, Bush 43, they pushed for talks on strategic stability, which the Chinese didn't want.

So to me what's really interesting is at the – you know, a period where I think the Chinese are seeing this as an end to some of the more brutal competition and, you know, butting of heads that you saw, as Scott said, at the beginning of the Trump administration, they're now adopting a framework that is actually much closer to what the U.S. has sort of been pushing for, for the last, depending on your frame of reference, 20 years. And it is true. We have become more inured to the idea that China is the way it is. But I think that the significance is the Chinese are now saying that they're more willing, as part of their sense of who they are, their status – they're willing to work with us in ways that are much closer to what we've been seeking for a long time.

Mr. Todman: That's really interesting.

Dr. Lin: And I think, like, just on this new Chinese framework, if they actually are serious about cooperation as the mainstay, I think Iran is a good test of it, right? Can China cooperate with the United States on opening the Strait of Hormuz, and common interest between the two sides? And if there's – if they can't, my takeaway is I don't really – I am having trouble identifying significant areas of other cooperation between the two sides.

Amb. Kagan: This has always been the problem. I'm the unfortunate veteran of decades of efforts to, you know, cooperate on North Korea. (Laughter.) And I think that the challenge is that this is pushing the Chinese – actually doing these kinds of things push the Chinese in ways that they clearly are not yet ready to do. And so that's going to be – I would be skeptical. I would also be cautious about putting Iran as the litmus test, only because it is such an extreme example. I think the question is going to be, does this – do we see behavioral changes on China?

I think Scott made a very good point, which is we're not asking the Chinese – or, it seems – to make any fundamental changes in their system. Or maybe perhaps it was you, Bonny. I think that's very significant. We're not asking for fundamental changes. We're also not asking, it seems, for behavioral changes. And my view is our issue is – for the last, you know, 15 years has

been – what China actually does to implement what it’s supposedly agreed to, and the fact that the behavior has actually gone in the wrong direction.

So the question is going to be, if China is more confident, if it’s accepting this structure – which is closer than to what we’ve wanted over the years – is it willing to change some of the behavior that we find so objectionable, both on the economic side in terms of how it treats U.S. businesses, how it treats its own companies when they go overseas, the way it manages its economic relationships with other countries? And also, are they willing to change some of the behavior with regard to South China Sea, East China Sea, now Yellow Sea, line of actual control with India? I mean, these are things which have caused real friction and where we saw an uptick in aggressiveness. And now, I think one of the tests is going to be, are they willing to dial it back?

Dr. Kennedy: Yeah. I would just say, the other areas where we can look to see whether they live up to their type of commitments, that Bonny outlined and that they claim, is on rare earths. Will they keep those flowing or will they continue to play games with that? So in talking to companies in China when I was there, most are getting them, but not all. And you’re not sure month to month. The second would be on this new framework around AI, right? So are they going to actually put any constraints on their behavior with regard to AI and cyber activity, right? Because that seems to have gone off the charts on the cyber realm. And so if they believe in cooperation and a constructive relationship, then we ought to see positives there. Otherwise, it is just empty phrases.

Mr. Todman: OK. I’m really sorry. I think, looking at the clock, we’re probably going to have to begin drawing this to a close. So I want to pose my three rapid-fire questions to each of you, and I will let you decide who goes first. Firstly, please can you sum up the title of the – the title of the episode? So what did this summit actually achieve, one word or phrase? Bonny.

Dr. Lin: Yes. Continued stability.

Mr. Todman: OK.

Amb. Kagan: I think new stability. (Laughter.)

Mr. Todman: OK. Continued stability, new stability. Scott.

Dr. Kennedy: I’ll be a little bit more pessimist and I’ll say what I began with, which is a grand bargain on China’s terms.

Mr. Todman: OK. OK. Second. You know, usually I ask of the U.S., China, Russia, who’s up, who’s down the most this week, but I guess since we’ve just had a summit

between two of those countries, who's up, who's down coming out of this? I guess, Scott, you've just said China, yeah.

Dr. Kennedy: Xi Jinping comes out of this, doing quite well.

Mr. Todman: OK. Edgard.

Amb. Kagan: I think that both leaders basically got what they wanted. They both got to show that they are the ones who can manage the relationship, that they are in charge. And so my take, I think – substantively, I think Scott is right. China gave very, very little away that it wasn't already willing to do. But I think that my view is both leaders actually have gotten what they wanted.

Mr. Todman: OK.

Dr. Lin: Yeah, I largely agree with Edgard. I think both. I also don't think the United States gave away very much.

Mr. Todman: OK. Interesting. And then finally then, is there a word or phrase that you would like to ban pundits from using when talking about this summit? Bonny.

Dr. Lin: I really don't like it when pundits use the word "pageantry" to describe the summit, because I feel like there is an optics – there is a component of, like, how to look at the summit and what's happening. But I think neither Xi Jinping or Trump are going into the summit thinking that there's, like, a long list of things that they're trying to check off and trying to get delivered. I think both of them are going in trying to rebuild a relationship. So just the fact that they're having these meetings and the Chinese side has offered, for example, President Trump, access to the Temple of Heaven, President Trump, access to Zhongnanhai, a pretty rare treat for U.S. leaders, I think that just the meetings themselves and the building of the relationship is very important. So just – yeah, I just feel like a lot of what's out there right now we don't really exactly know what will be delivered on either side, so just characterizing it as pageantry is in some ways demeaning the engagement between the two leaders.

Mr. Todman: Edgard.

Amb. Kagan: I don't like the who's up, who's down. (Laughter.)

Mr. Todman: Wow. You're banned from ever coming on State of Play again. (Laughter.)

Amb. Kagan: The reason is that these things have to work for both leaders. Like, if you do a summit, if you organize a meeting where it's very clear one leader is being totally humiliated and the other is, you know, running the table on

everything, you're not going to have a relationship. And that is true at every level of scale. I mean, it's important for these things to be successful. I've very rarely heard anyone describe a trip as unsuccessful – anyone in an official position. You know, we really screwed that one up. (Laughter.) However true it may be. But the reason for that is that these trips always have a very significant domestic political component. The reality is, in virtually every country in the world, no one really cares about foreign policy, per se. I mean, there are people like us. But, you know, the majority of people, when they – you know, back when papers were a thing, the first page they looked at was usually the sports page, not the front page. And it sure as hell wasn't page four or five where they had the foreign policy stuff.

So what matters is the domestic. And for the domestic, you really need both sides to be able to show that it was a success. My view is the optics – the Chinese gave very good optics. I would just note that the arrival ceremony at the airport, typically, the Chinese don't allow us to get that kind of a ceremony. They don't allow us to get a clean shot of it. And the reason for it is for them the arrival ceremony is at the Great Hall of the People. So they don't want to detract from that. We wanted it, and particularly in this case where – and this is something that often happens. The president arrives the day before so that they hopefully get a good night's sleep before the actual meetings. We have an incentive in having essentially B-roll for media of the president coming down with a ceremony.

And I'll tell you, President Trump really, really understands the impact of the visual of the president of the United States coming out from Air Force One, seeing an honor guard, greeting whoever is the greeters. The White House likes having – you know, having dancers, or, you know, children, or whatever. They really like that. And so the fact the Chinese gave that, and sent the vice president, to me was a sign they wanted this visit to go well. All the optics, all the symbolism, everything they've done, this is what they do for a top-tier visit. And so I think that that's significant. And so the idea – like, yes, they did it because it's a tool to help them get what they want. It's the same way that every country uses protocol as a tool for what they do. But I don't think this is something where one side wins one side loses, particularly right away.

Mr. Todman: OK. Sounds good.

Scott?

Dr. Kennedy: I think that this emphasis on personal friendship is vastly overstated. Maybe from the president's point of view. He believes in personal diplomacy and flattered Xi Jinping, and a lot of hand touching on his arm and things like that. But I think for Xi Jinping, this is all instrumental. And I don't think that we should see that there's some special connection

between them that is going to address and resolve all of the kinds of challenges that we have.

Mr. Todman:

Great. OK, let me sum up what I've heard. So starting with the big caveat that we have not yet had a detailed readout from the White House. At this stage, we've had more detailed readouts from the Chinese side. It sounds like on the economic side, you know, Scott, you described this as a grand bargain for China. You said, ultimately, there was no talk on these really sensitive issues for China or the red lines. You know, the tone of what comes out going forward is something to watch for, because that matters. We now have these new structures in place, the Board of Trade, the Board of Investment, that could help make sure that the implementation of these – of these deals actually goes ahead. But ultimately, Scott, you said that's kind of old wine, new bottle, and I think described this as a kind of extension of the ceasefire to the trade war.

On Taiwan, I think I heard more consistency than change. So, yes, Xi has said we need strategic – sorry – constructive strategic stability. He used the word “conflict” in the English translation, which is sort of a first. Conveyed that Taiwan is the most important bilateral issue for the U.S. and China. And we don't know exactly where President Trump is ultimately going to land when it comes to the arms sales. He expressed sort of some doubt about their future on the plane on the way back. But a lot of – the rest is really what we would have expected, I think, on Taiwan.

On Iran, I think we had a bit of discussion about how much we should read into what China was trying to signal and what President Trump reported that Xi Jinping said. And I think, you know, maybe China is giving some space to put a little bit more pressure on Iran going forward, and it will be really interesting to watch that going forward in the next few days, particularly some signals about their opposition to Iran imposing a toll on the Strait of Hormuz. Edgard, you flagged it's not just oil that China depends on Iran for and on the region, but also the chemicals, and just how exposed China is to the global economy. So they may have got the most out of the pain to the U.S. that this conflict has caused, and at this stage they might be seeking to actually end it.

On ties, I think we've had both sides ultimately want stability. I think we had new stability or continued – I can't remember which way around it was – continued stability, new –

Amb. Kagan:

These are continuing parts of it.

Dr. Lin:

(Laughs.)

Mr. Todman:

OK. Continued stability from Bonny, new stability from Edgard. You said, Scott, about it being – you know, going back to this idea of a grand bargain for China. Some interesting discussion. Finally some disagreement among our guests, which I always look for because it's interesting.

But I think, Scott, you highlighted this really interesting idea that this is sort of the bookend – President Trump is the bookend to President Reagan from the '80s, whereby Trump is or the U.S. now is not really trying to change the direction that China is taking. He's perhaps more comfortable engaging with China. After several administrations tried to nudge China in a market-oriented direction, that seems to now be kind of more over. Disagreements about the parallels between the Chinese system and President Trump and how he's using the executive.

But I think you all seemed to say, you know, these meetings are actually important. They do actually achieve things. It's good that these meetings happen. I understand President Trump invited Xi Jinping to the U.S. in September, I think. So, you know, we will have to watch, and there are some things that you flagged for us to watch out for.

Is China willing to change some of its more objectionable behavior as it relates to the South China Sea, its behavior with companies, with international companies in China? Does China keep the rare earths flowing? Do we see a framework on AI that, actually, is China willing to put any constraints on its own behavior? And so I think, yeah, you've given us some ideas of what to watch out for.

We've run over a little bit. I could have carried this going – carried this on for a really long time. I've learnt so much from the three of you. Thank you so much for joining me today.

To those of you watching or listening at home, we have a special feature on the CSIS homepage which is all about the Trump-Xi summit, and that collates all of the analysis from across the Center from the different departments working – what all of our experts have been working on. So, for more of this, particularly as more details emerge, I encourage you to check that out.

Thank you so much for watching at home. See you next time.

(Music.)

(END.)

