

EXPERT VIEW

US-China ties: Shifting equilibriums



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Donald Trump's state visit to China in mid-May was the most theatrically elaborate encounter between a US president and a Chinese leader in recent memory — consequential less for what it resolved than for what it confirmed. The nine hours US President Donald Trump and Chinese President Xi Jinping spent together produced few binding commitments. What the summit did produce was the visible formalisation of a shift in the balance of the bilateral relationship that has been accumulating since the tariff confrontation of 2025. That shift favours China, and its implications extend well beyond the two principals.

Trump opened his second term with a China policy focused on economic competition rather than the strategic contestation of his first term: tariffs reaching 145 per cent on Chinese goods, an expanding technology-sanctions regime, and an underlying ambition to force a restructuring of Chinese industrial and trade policy through economic coercion. When the United States (US) announced its sweeping tariff package in April 2025, China was alone among major economies in retaliating in full rather than seeking accommodation. The decisive retaliatory instrument was not matching tariffs but export controls on rare earths and critical minerals — a lever China had cultivated precisely because the US had allowed itself to become structurally dependent on Chinese

supply across the semiconductor, defence, and clean-energy sectors. Bond and FX markets reacted sharply; the US' posture shifted from escalation to negotiation.

The Busan Summit of October 2025 produced a truce that preserved Chinese industrial-policy space intact, left the rare-earth controls in place as continuing leverage, and extracted a pause on new technology-export restrictions that disproportionately benefits China's indigenisation programme. Trump characterised Xi as a friend and, for the first time, reached for the G-2 formulation. The China visit consolidated this reconfiguration. The enduring structural irritants, including Chinese industrial overcapacity and mercantilist policies, remained off the table. What China secured was substantial: a conceptual architecture for managing the relationship on its own terms, and the spectacle of a US president who did not push back on Taiwan while Xi delivered a warning that mishandling the island issue could lead to conflict.

Divergent accounts

The commercial outcomes are best understood through the divergence between the two official accounts. The White House Fact Sheet announced that China had committed to purchasing at least 17 billion dollars annually in US agricultural products through 2028, an initial order of 200 Boeing aircraft,



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restored access for beef and poultry, and a pledge to address concerns on rare-earth supply. The Boards of Trade and Investment were described as the cornerstone of the agreement.

The Chinese Ministry of Commerce listed five preliminary outcomes that diverge significantly. China confirmed in-principle agreement to reduce tariffs on products of mutual concern at an equivalent scale — a formulation on tariff reduction absent from the US account. It confirmed arrangements on aircraft procurement alongside a US guarantee of supply of aircraft engines and parts, a reciprocal concession the US omitted. It specified no aircraft number, named no agricultural volume, and was silent on rare earths. The ministry characterised all five outcomes as preliminary, with details still under consultation. The implication is clear: China is holding commercially valuable commitments in reserve as leverage over future US behaviour on technology controls, releasing them in proportion to evidence of the US restraint.

For over a decade, China has sought to persuade successive US administrations to accept a relational framework of its design. In 2013, Xi Jinping proposed to then US president Barack Obama a new model of major-power relations centred on no conflict, no confrontation, mutual respect, and win-win cooperation. Obama declined, recognising that acceptance required treating Chinese claims over Taiwan and the South China Sea as legitimate core interests. Former US President Joe Biden's "managed competition" framework was dismissed by China as containment with diplomatic packaging. The departure came in China in May, when Trump accepted Xi's formulation of a constructive China-US relationship of strategic stability — the first time a US administration has validated a Chinese-designed conceptual framework as the agreed basis for bilateral relations.

Xi defined the framework across four dimensions: positive stability with cooperation as the mainstay; healthy stability with competition within proper

limits; constant stability with manageable differences; and lasting stability with expectable peace. Chinese Foreign Minister Wang Yi described it as strategic guidance for the next three years and beyond — a temporal frame encompassing the remainder of Trump's presidency, with the word "beyond" designed to embed the concept before a potentially less accommodating successor arrives.

Fudan University's Shen Yi has argued that the framework's conceptual innovation lies in expanding strategic stability from the military-nuclear domain into the total architecture of the relationship — politics, economics, technology, security, and global governance. The concept is simultaneously a definition of stability and a standing inventory of American behaviours that can be characterised as destabilising it: arms sales to Taiwan, technology-export controls, pressure on allies. Georgetown's Evan Medeiros has described such Chinese relational frameworks as geopolitical quicksand — the more the US accepts the language, the deeper it is drawn into China's definitional universe.

A survey of 50 Chinese establishment analysts found 44 of them framing the summit as a paradigmatic shift. The dominant concept in Chinese commentary was strategic stalemate: stability grounded not in mutual trust but in power parity and mutual coercive constraint. Fudan's Wu Xinbo put the Chinese strategic purpose plainly: if the framework holds for the next three years, it will extend China's period of strategic stability and win time and space for Chinese development.

The conciliatory surface of the summit should not be misread as evidence that China has revised downward its threat assessment of the US. China's first National Security White Paper, released in May 2025, reiterated that Western anti-China forces continue to try every means to contain, suppress, and encircle China. The 15th Five-Year Plan places greater emphasis on self-reliance and

resilience than any preceding plan. Establishment documents describe not an adversary in retreat but a competitor whose relative power is declining while its absolute military and technological capability remains formidable and unpredictably dangerous.

The military demonstrations of Trump's second term reinforced this assessment. In Venezuela, the rapid deployment of the US naval and air power provided China's analysts with a data point on the US' willingness to project force with minimal international constraint. In Iran, the sustained US-Israeli campaign demonstrated something of greater operational consequence: the capacity to prosecute a prolonged multi-domain war integrating carrier strike-group operations, precision-strike logistics, cyber warfare, and the naval interdiction of a major commercial waterway, while absorbing domestic economic blowback and maintaining regional alliance coordination.

Constructive strategic stability is a risk-management instrument designed to keep a powerful and unpredictable adversary engaged in bilateral stabilisation while China closes the capability gap.

The structural shift in the US policy is registered in the contrast between the two Trump National Security Strategy (NSS) documents. The 2017 NSS placed China at its centre as a revisionist power challenging US interests and built durable bipartisan consensus around great-power competition as the US' organising strategic concept — a consensus robust enough to survive the Trump-Biden transition and shape eight years of foreign policy.

The December 2025 NSS replaces the strategic-threat framing with a transactional objective: a mutually advantageous economic relationship with China. The Trump administration has repositioned China as an economic competitor to be managed through deal-making rather than a systemic adversary to be countered through

alliances, institutions, and technological denial. Technology hawks remain within the administration, but the governing logic has shifted to stabilising the bilateral relationship on terms compatible with the US' domestic political priorities — particularly the midterm elections of November 2026.

American agricultural exports to China collapsed from a peak of 38 billion dollars in 2022 to eight billion dollars last year, and the farming constituencies of Republican-held states represent a political pressure point that China has utilised.

The Taiwan dimension of the summit was its sharpest edge. Xi warned that if the issue is handled poorly, the two countries risk clashes and even conflicts. Trump said nothing on Taiwan in public. On Air Force One afterwards, he described the pending arms package as a very good negotiating chip, acknowledged he had made no commitment either way on approving it, and, when reminded of Reagan's Six Assurances — the explicit undertaking that no president would consult China on the size or nature of arms sales to Taiwan — dismissed the commitment as ancient history.

Wang Yi's post-summit statement that China sensed the US side does not agree with or accept that Taiwan moving towards independence was a calibrated public assertion of diplomatic gains. In Chinese commentary, Trump's Taiwan remarks were read as a meaningful concession.

The practical consequence accumulates: each such episode shifts the baseline of credible US commitment, recalibrating threat assessments in Taiwan, Japan, South Korea, and the Philippines. Strategic ambiguity requires that both parties across the Taiwan strait remain uncertain about the US posture. That uncertainty is now tilting in a direction China finds advantageous.

Impact on India

With three more summit-level meetings possible this year, US-China relations

may be managed through summitry rather than negotiated resolution of underlying disputes. Xi's US visit is planned for September, with Asia-Pacific Economic Cooperation in Shenzhen in November and the G-20 in Miami at year's end. The constructive strategic-stability framework is designed in part to bind whoever succeeds Trump: by embedding the détente in named councils, boards, and a relational concept formally accepted in a White House statement, China raises the political cost of any future reversal.

Technology remains the sharpest unresolved fault line: the AI dialogue agreed in principle has no content, timeline, or verification mechanism, and the freeze on new export controls continues to facilitate Chinese capacity accumulation in semiconductors and advanced computing. The G-2 overlay effect — not a formal duopoly but the practical reality of two great powers managing the terms of their competition bilaterally — compounds the challenge for the rest of the world. Neither superpower is currently providing the global public goods the international order requires, and the space within which other powers can construct alternative arrangements is narrowing.

For India, the significance of the Beijing summit lies in what it reveals about the strategic environment rather than in any specific bilateral outcome. Three realities have been sharpened.

One, the US has formally adopted China's preferred conceptual framework for the relationship and is led by a president who treats alliance commitments as negotiating assets. Its reliability as a counterweight to Chinese power has diminished, and India must calibrate its external balancing calculus accordingly rather than treating current strains as a temporary deviation.

Two, a China that has secured from the US relational framework it sought for over a decade, demonstrated the effectiveness of coercive economic instruments, and seen the balance of power shift measurably in its favour, has reduced

incentive to offer India concessions on any outstanding issue. The stabilisation of India-China borders and overall relationship since Kazan created diplomatic room, but a China that interprets India's interest in improved bilateral ties as a function of India's reduced strategic options will extract harder terms, not easier ones.

Three, the G-2 overlay effect constricts the space India has to organise third-party coalitions and build the multipolar architecture that its interests require.

India's material vulnerabilities in this environment are acute and insufficiently addressed. Its dependence on Chinese upstream manufacturing across the solar supply chain, its negligible rare-earth processing capacity, and the deep integration of its electronics sector with Chinese supply chains constitute structural constraints on policy autonomy that China understands well. The Sino-Pakistani strategic nexus has moved beyond the level of arms transfers and diplomatic cover to encompass active operational support, deepening the two-front challenge India faces.

A country cannot exercise meaningful strategic autonomy in domains where it relies on a strategic competitor for critical inputs. The problem is compounded as India cannot allow one set of dependencies (on China) to be substituted by another set of dependencies (on the US), as both great powers have subjected India to economic coercion.

Meeting this challenge requires simultaneous effort across several dimensions, including reducing supply-chain dependencies on China (and to a lesser extent, the US) on a sustained, programmatic basis; building the military and technological capabilities needed for credible asymmetric deterrence across domains and articulating a bilateral agenda with China that works towards a new equilibrium rather than focusing on atmospherics.

The Beijing summit did not create these imperatives. It clarified the cost of deferring them. ■