



Cautious optimism as Xi and Trump prepare for first 2026 summit

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Cooperation between the two superpowers in a period of increasing uncertainty can prevent escalation.



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Cautious optimism is beginning to emerge once again in global diplomacy as Xi Jinping and Donald Trump are widely expected to meet on May 15 and 16 in what would become their first formal engagement of 2026.

Their anticipated summit comes after their previous high-level encounter in Busan, South Korea, during the October 2025 meetings linked to regional diplomacy and economic coordination in Asia.

Recent diplomatic movements strongly suggest that preparations for the summit are already intensifying.

China's ministry of commerce has confirmed that vice-premier He Lifeng, Beijing's top economic official, will attend consultations on mutual economic and trade issues in South Korea on Tuesday and Wednesday.

Meanwhile, US secretary of the treasury Scott Bessent stated in a public post that he would stop in Seoul on Wednesday for discussions with He before proceeding to Beijing for the leaders' summit between Trump and Xi.

Bessent has also repeatedly emphasised that "economic security is national security", a phrase that increasingly captures the strategic logic behind President Trump's pledge to "Make America Great Again" or MAGA.

Under such a framework, trade policy, semiconductor restrictions, industrial subsidies, supply chain resilience, and technological leadership are no longer treated as purely economic matters.

They are viewed as central pillars of American national power and strategic supremacy.

Both Washington and Beijing are therefore attempting to stabilise the economic foundations of the bilateral relationship before the leaders themselves convene.

The timing could hardly be more important.

The international system is entering one of its most fragile moments since the end of the Cold War.

Wars continue to rage across West Asia and Europe.

Global trade fragmentation is intensifying. Technology restrictions are multiplying.

Shipping disruptions in the Red Sea and Strait of Hormuz continue to unsettle markets.

At the same time, major economies are struggling with inflationary pressures, debt burdens, demographic slowdowns, and the uncertain transition toward artificial intelligence-driven growth.

Against such a backdrop, the mere willingness of Washington and Beijing to sustain dialogue already carries immense significance.

Neither side can realistically afford a complete breakdown in relations.

For China, economic realities are imposing new forms of strategic caution.

Beijing has already set one of its lowest economic growth targets in decades, aiming for between 4.5% and 5% growth.

Although still impressive by global standards, such targets reflect the growing complexity of China's economic transition.

The country continues to face prolonged weakness in the property sector.

Local  government debt exceeding US\$1.2 trillion remains a major structural concern.

Many provincial administrations relied heavily on land sales and infrastructure financing during the years of rapid urban expansion.

Now, with property markets under pressure, local governments are facing rising fiscal constraints while still being expected to sustain growth, employment, and social stability.

This explains why Beijing is placing increasing emphasis on technological upgrading, advanced manufacturing, artificial intelligence, green industries, and domestic consumption under its new five-year plan.

Yet transitions of this scale are never smooth.

China still depends heavily on exports as a stabilising engine for growth.

Its manufacturing strength continues to anchor broader economic resilience even as external conditions become increasingly uncertain.

At the same time, Beijing understands that worsening tensions with the United States could trigger precisely the kind of external shocks it hopes to avoid during this delicate economic restructuring phase.

The United States, meanwhile, continues to maintain extensive leverage through export controls, semiconductor restrictions, investment screening measures, and industrial subsidy frameworks.

Washington's strategic objective remains clear: preserve technological and military preponderance while slowing China's rise in critical sectors such as artificial intelligence, quantum computing, semiconductors, aerospace, and biotechnology.

Yet Washington also understands that a total economic rupture with China would produce enormous costs for the global economy and for American corporations themselves.

Supply chains remain deeply interconnected.

Financial systems remain intertwined.

Consumer markets remain mutually significant despite years of tariff disputes and strategic rivalry.

This is why the impending Xi–Trump summit should not be interpreted as a sudden reconciliation.

Rather, it represents an effort to prevent rivalry from spiraling into uncontrolled hostility.

Importantly, the expected summit also comes as China assumes the chairmanship of Asia-Pacific Economic Cooperation (Apec).

This adds another layer of diplomatic importance to Beijing's current posture.

As Apec chair, China has every incentive to project stability, economic confidence, and strategic maturity.

Beijing will likely seek to demonstrate that it remains committed to regional trade integration, supply chain resilience, and macroeconomic stability despite growing geopolitical tensions.

The broader Asia-Pacific region equally needs such reassurance.

For many countries across Asean, Northeast Asia, and the Pacific, strategic competition between Washington and Beijing has become increasingly destabilising. Most states do not wish to choose sides.

Instead, they seek an equilibrium where economic engagement with China can coexist alongside security cooperation with the United States.

This balancing instinct is particularly strong within Asean where regional states remain heavily dependent on both major powers simultaneously.

Indeed, the importance of dialogue between Xi and Trump goes beyond bilateral relations alone.

The world economy remains vulnerable to sudden geopolitical shocks. Energy markets remain fragile.

Artificial intelligence competition is accelerating faster than international regulations can adapt.

Trade restrictions continue to spread across multiple sectors.

Under these conditions, even limited communication between the two largest powers becomes essential to preserving some degree of predictability in international affairs.

There are also smaller but meaningful areas where both countries may still cooperate.

Combating transnational scam operations, cyber fraud networks, money laundering syndicates, and illicit digital financial flows increasingly affects both Chinese and American interests as affirmed in a report by Asia Sentinel.

Such cooperation may not erase strategic distrust, but it can help prevent total diplomatic paralysis.

Ultimately, the world should not expect miracles from the Xi–Trump summit.

The structural drivers of competition between both countries remain deeply entrenched.

Disputes over Taiwan, technology, military deployments, maritime influence, trade access, and ideological narratives will continue well into the future.

Yet diplomacy is not always about solving every disagreement immediately.

Sometimes its most important function is simply preventing escalation. There lies the key to the Trump-Xi meeting in Beijing.

In that regard, the upcoming summit on May 15 and 16 is extremely important to the two of them when Trump has not made any headways on Iran yet.

Thus, when the world is increasingly exhausted by wars, sanctions, economic fragmentation, and geopolitical uncertainty, maintaining channels of communication between Washington and Beijing has become one of the last remaining anchors of global stability.

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