

Trump-Xi phone call maintains fragile trade war truce

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Talks between China and the US over tariffs and trade will resume on Monday in London after it appeared that the 90-day truce agreed to last month in Geneva was about to collapse.

After considerable pushing by Washington, US President Trump and Chinese President Xi Jinping held a phone conversation on Thursday lasting an hour and a half.

The conversation was preceded by a rising tide of accusations. The US claimed that China was slowing the rollout of approvals for the export of rare earth products, vital for key sections of US industry, while China pointed to new bans on the export of US technology and the threat to exclude Chinese students from study in the US.

On Monday, a government statement from Beijing warned that China was prepared to take “resolute and forceful” measures to defend its interests. It said the moves to tighten controls on US technology, bans on the export of advanced jet engine components and the plans to revoke visas for thousands of students in the US were “unilateral and discriminatory actions” contrary to the Geneva agreement.

That agreement to hold off on the economic war, which saw the US raise tariffs on all Chinese goods to 145 percent, was that tariff and other restrictive measures would be suspended for 90 days to allow discussions.

On Wednesday Trump had described Xi as “extremely hard to make a deal with,” as Washington continued to raise the prospect of a phone call between the two presidents.

While the call went ahead, the differing responses on its outcome made clear that nothing fundamental has been resolved.

Trump, who always tries to present himself as a great negotiator, described the call as “very good” when speaking to reporters at the White House. On social media, he said that the talks resulted in a “very positive conclusion for both countries.”

“There should no longer be any questions respecting the complexity of rare earth products,” Trump wrote. He told reporters that any complexity had been straightened out and “we’re in very good shape with China and the trade deal.”

However, there were no details as to what such a deal might involve, only that discussions between two high-level teams would be held as soon as possible.

The report by the official Xinhua News Agency was somewhat different. It said it had been initiated at Trump’s request and Xi urged him to remove “negative” measures. It made no mention of rare earths and whether controls on their supply would be loosened.

Speaking to the *Wall Street Journal*, former senior IMF official on China, now an economics professor at Cornell University, Eswar Prasad, said: “The asymmetry in Beijing’s and Washington’s reporting of the call suggests that Xi held to a tough line and Trump did not get much acquiescence to his demands.”

The lifting of controls over the export of rare earths has been central to the immediate demands of the US because it is among the most powerful means Beijing has in the struggle to push back against the US. Rare earths are needed for many aspects of high-tech production.

China produces almost 70 percent of the critical minerals needed for making fighter jets, nuclear reactor control rods and auto production. Rare earths are needed in the production of magnets that can operate at high temperatures in electric vehicles.

The problem for the US is that while rare earths are, despite their name, relatively abundant, their refinement is a costly process. China has a near monopoly of refining capacity, for instance controlling 90 percent of the supply of the elements needed in high-temperature magnets. Countries that have rare earths have to send them to China for processing.

In recent weeks, car companies in the US and elsewhere have warned they could be forced to stop production because of the lack of supplies. Last month, Ford suspended production of one of its models for a week because of a rare earth shortage.

Earlier this week, the *Wall Street Journal* (WSJ) noted that, with the exports of these minerals from China having virtually ground to a halt, “car makers faced hard decisions about whether they can continue to keep some plants operating.”

Last month, it reported, “industry groups representing most automakers and parts suppliers told the Trump administration that vehicle production could be reduced or shut down imminently without more rare-earth components from China.”

The mainstream media analysis of the conflict mostly consists of expressions of mystification or ignorance over Trump’s

objectives as he goes violently one way, with tariff hikes, then the other, saying they were a tool to enable negotiations which are sure to lead to a deal.

Typical was a recent comment by senior *Financial Times* columnist Edward Luce entitled, “The great Trump riddle on China.” He wrote that Trump’s phone call with Xi was “unlikely to lift our confusion.”

Luce is either seeking to cover over the real objectives of US policy because he does not want to draw the conclusions which flow from such an analysis, or he simply cannot see the wood for the trees.

In any case, the US objectives are in plain sight. They have been articulated for years in numerous documents issued by the military and intelligence establishment and by related think tanks.

The US aims to crush the economic rise of China, above all in the area of high-tech, because this is regarded as the greatest threat to continued US global dominance. China’s development must be prevented at all costs, including, if necessary, by military means.

Luce even tried to maintain that “the Chinese are as confused about Trump’s endgame as everyone else.”

Beijing is not confused. It knows very well, at least since the Obama administration’s pivot to Asia in 2011, stridently pushed forward by his secretary of state Hillary Clinton, and the build-up of military encirclement. Together with subsequent tariff and other restrictions, starting under the first Trump administration and deepened under Biden, it makes clear the “endgame” is the suppression of China.

The policies of the second Trump regime are not simply a continuation of the past. They are an intensification of the economic attacks, leading to the use of military force, arising from the very logic of events.

The US has not resorted as its first choice to military means—a course of action with incalculable consequences and no guarantee of success. In China, the US is confronting not Afghanistan, Iraq or Syria but a powerful military force, with nuclear weapons, backed by a huge industrial base.

The first choice has been to use economic methods of coercion, starting with tariffs and extending to restrictions on the use of American technology.

But this program has been a manifest failure, as noted in a *WSJ* article titled “The US plan to hobble China tech isn’t working,” published last month.

“The US has tried almost everything to win the tech race against China—across areas as varied as AI, energy, autonomous vehicles, drones and EVs. So far, none of it has worked.

“China’s EVs are cheaper and by many measures better than America’s. The country dominates in consumer drones. ... China produces the lion’s share of the world’s solar panels and batteries. And while the US and its allies maintain a narrow lead in advanced microchips and AI, the gap appears to be closing faster than ever.”

Many other issues could also be cited, including the advancement in China of automated factory production outstripping what exists in the US. That fact was noted by *New York Times* columnist Thomas Friedman after a visit to China, in an article entitled, “I just saw the future. It was not in America.”

Faced with these realities, Trump went *va banque*, all in, on April 2 with his so-called reciprocal tariffs. But when these measures threatened to blow up the US financial system, he had to sue for a 90-day truce to allow negotiations.

There can be no resolution, however, through talks or deals, because the essential demand of the US is that Chinese economic development cease, to which the Xi regime cannot and will not agree.

This is why, in the wake of the “reciprocal tariff” debacle, which has provoked criticism and opposition within sections of the US ruling class, the military option has come increasingly to the fore. This was evidenced by the bellicose address by defence secretary Pete Hegseth to the annual top-level Shangri-la Dialogue last weekend.

Hegseth warned war with China could be “imminent” and demanded US allies in Asia prepare for it by massively increasing their military spending.

The implications for the working class of the tariff and economic war are clear. It must not allow itself to be confused and blindsided by the mystification purveyed in the capitalist media but act on the objective logic of events now rapidly unfolding.

That means initiating a political fight to develop an independent and internationalist socialist movement based on the overthrow of the capitalist system and its destructive economic irrationality, which is inexorably leading to the outbreak of a new world war.



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