

Trump, Xi agree to fragile truce in US-China economic war

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The long-awaited and closely watched summit between US President Trump and his Chinese counterpart Xi Jinping took place yesterday in a reception hall on the Gimhae military airbase near Busan in South Korea. While Trump hailed the meeting as “amazing” and gave it a “12 out of 10,” the outcome was no more than a fragile, one-year truce in the bitter economic war involving the world’s two largest economies.

The meeting was overshadowed by Trump’s highly provocative announcement, as he flew into the Gimhae base, that the US would immediately recommence “nuclear testing” in a move that threatens to dramatically escalate the nuclear arms race. Specifically naming Russia and China, he tweeted: “Because of other countries testing programs, I have instructed the Department of War to start testing our Nuclear Weapons on an equal basis.”

As the media scrambled to make sense of the comment—neither Russia nor China have tested nuclear weapons since the 1990s—Trump met with Xi. In front of the cameras, it was all handshakes and smiles. Trump offered effusive praise for Xi as “a well-respected great leader” but a “tough negotiator” whom it was a “great honour” to meet. Xi obliquely chided Trump suggesting while the two nations “do not always see eye to eye,” that “dialogue is better than confrontation.”

Behind closed doors, the exchanges were undoubtedly far more confrontational, even fiery. However, if Trump thought he could use his nuclear gambit to bully China to make concessions, he proved to be wrong. The summit—the first in Trump’s second term—which many thought would last hours, ended after 100 minutes. Clearly not much more was agreed beyond what had been already mapped out by US and

Chinese negotiators in Malaysia last Sunday.

At its conclusion there was no joint press conference, no photo ops, no joint statement and no signed agreement held up for the cameras. The two men were observed briefly shaking hands then going their own ways—Trump back to the US, Xi returning to the Asia-Pacific Economic Cooperation (APEC) summit starting today that Trump was skipping.

The only details of what was supposedly agreed were provided by Trump as he regaled journalists aboard Air Force One about the great success of his meeting with Xi. Trump said he and Xi had agreed on an “outstanding group of decisions” and that a trade deal would be signed “pretty soon,” adding: “We have not too many stumbling blocks.”

The Chinese foreign ministry, however, spoke only in general terms saying that a consensus had been reached on issues including anti-drug co-operation on fentanyl, expanding agricultural product trade, and rolling back recent export curbs and trade restrictions. Xi has made no public statement on the talks.

What was centrally agreed was a one-year truce on the implementation of tit-for-tat economic measures that almost derailed the meeting.

Moves towards a truce in the economic war were thrown into disarray last month after the Trump administration expanded the range of companies, including many Chinese ones, banned from accessing American technology. Trump is seeking to cripple China’s hi-tech industries with restrictions on the export of top end computer chips and chip making equipment.

China responded on October 9 by announcing more stringent controls on the export of rare earths, over which China has a virtual monopoly. Lack of rare earths threatens a broad range of US industries

including those connected to the military. Trump declared he would call off the summit with Xi and impose an additional 100 percent tariff on Chinese goods, before backing down.

Trump told the media he had brokered an “outstanding group of decisions” and that the US and China would sign a trade deal “pretty soon.” “We have not too many stumbling blocks,” he said, adding the fanciful prediction: “Every year, we will review the deal, but I think the deal will go long beyond a year.”

According to Trump, the following was agreed:

- * The US will halve the 20 percent tariff imposed on China over claims that it was facilitating the flow of the opioid fentanyl into the United States. Trump said that Xi had promised to “work very hard” to curb exports of chemical ingredients needed to synthesise fentanyl. The decision will bring the overall tariff rate on Chinese goods to about 47 percent. Trump withdrew that threatened 100 percent tariff prior to the summit.

- * The US agreed to postpone plans to charge higher fees for Chinese built and owned ships arriving at US ports. China will pause similar high fees for ships used by US companies in Chinese ports.

- * China agreed to resume and increase purchases of US soyabeans and other agricultural products. Trump posted on social media: “Our Farmers will be very happy!... I would like to thank President Xi for this!” Trump also stated “a very large-scale transaction may take place concerning the purchase of Oil and Gas from the Great State of Alaska”—a claim that has been met with scepticism by economic analysts.

- * It remains unclear whether the US will ease restrictions on the export of advanced microchips to China. Trump said that it was now up to China to negotiate directly with Nvidia and the US government would act as “arbitrator” or “referee.” US Trade Representative Jamieson Greer claimed that Nvidia’s newest, most advanced Blackwell chips, were not discussed, even though Trump had earlier hinted they might be on the table.

- * On rare earths, China will suspend the introduction of harsh restrictions on exports announced on October 9, but earlier constraints imposed in April will remain.

Significantly the markets got no immediate boost from what was reported from the meeting amid widespread concern that the “truce” between the two countries, which together account for more than 40

percent of world GDP and a third of world trade, will not last.

Just to cite one of many commentators, Ja Ian Chong, a professor of political science at the National University of Singapore, told the *New York Times*: “Maybe I’m jaded because I’ve seen this movie too many times, but these are issues that are relatively easy to roll back and also to accuse the other side of bad faith.”

While Xi has said nothing about the summit and the state media has been quite muted in its response, some Chinese commentators have suggested that the Chinese president managed to stare down Trump and came out on top.

Any rejoicing about the easing of trade tensions ignores the obvious fact that the US is continuing to escalate war preparations above all against China and none of the geo-political issues that could spark a conflict have been resolved. Asked about the most dangerous potential flashpoint in Asia, Taiwan, Trump simply brushed it aside, declaring it had not been discussed.

Trump said that the two leaders had discussed “working together” to end the war in Ukraine, but substantial differences over the conflict remain. Trump said he would travel to China in April and Xi would visit the United States sometime after that, but such plans could easily evaporate if tensions flare again.

Moreover, the elephant in the room—the announcement of renewed US nuclear testing—has barely been mentioned in the international media coverage of the Xi-Trump summit even though it is a profoundly destabilising factor internationally. It is clear proof that for all the talk of an easing of economic tensions, the “truce” is just a temporary pause, as US imperialism prepares for all-out war, above all against China which it regards as the chief threat to its global domination.

Aboard Air Force One, Trump reaffirmed his decision to restart nuclear tests, saying that nuclear test sites would be determined later.



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