Trump-Xi Washington Summit – Comity on the Surface, but Tensions Unresolved

Andrew Tilton
[redacted]
Goldman Sachs (Asia) L.L.C.

Alec Phillips
[redacted]
Goldman Sachs & Co. LLC

Hui Shan
[redacted]
Goldman Sachs (Asia) L.L.C.

Bottom line: Chinese President Xi's visit to Washington concluded Friday. Low market expectations leading into the event proved warranted, as concrete deliverables were limited primarily to a two-month extension of the "trade truce" and a potential "AI hotline". Deeper underlying tensions remain, though both presidents arguably have incentives to keep the relationship on the rails in the near term.

Main points:

1. US President Trump hosted Chinese President Xi in Washington on September 23-25. The summit featured diplomatic pomp beyond the traditional state visit, including Trump's welcome of the visiting leader at the airport (an honor not afforded to Trump in Beijing in his prior visits). The leaders held meetings on Thursday, September 24, a state dinner that evening, and then tea with spouses on the 25th, among other events.

2. As usual, the diplomatic readouts of the two countries differed in emphasis. The US readout began with cooperation on fentanyl controls with China, as well as Trump's request that China "increase production of refined petroleum products to stabilize global supply". China's readout did mention the drug enforcement cooperation, but led with its formulation of a "constructive China-U.S. relationship of strategic stability".

3. The most substantive deliverables were:

- A two-month extension of the "trade truce" (agreed last October in Busan) from November to January 2027.
- Launch of the "Board of Trade" (with recommendations to reduce tariffs on $30bn of goods from each country) and "Board of Investment".
- Establishment of a dialogue "to exchange views on risks and benefits related to AI" beginning in November (though neither government appears to have any intent to slow down AI development).
- A reiteration of prior comments that Iran should not have nuclear weapons and tolls should not be collected on international waterways.
- A reiteration that both countries will support and attend the other's hosting of the APEC and G20 meetings respectively.

None of these are a material surprise to expectations; if anything, the two-month truce extension is shorter than expected.

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4. Major areas of bilateral disagreement or tension were either mentioned in passing or omitted entirely. The US statement noted "U.S. concerns regarding supply chain shortages related to rare earths and other critical minerals" and "the goal of ensuring shipment levels return to appropriate levels"; neither statement mentioned other export controls or purchase restrictions. Although the Board of Investment was mentioned in the US readout, it was not in China's, and Chinese CEOs did not attend the state dinner – despite a few of them traveling to the US during this period. While the Chinese readout mentioned that Xi "expressed hope that the U.S. side will adhere to the correct position" on Taiwan, the US statement did not mention Taiwan at all.

5. In the coming weeks and months, we are likely to see another 7.5% US Section 301 tariff imposed on China, although the impact on Chinese exports to the US should be relatively small since 15 other economies including the European Union, Japan and South Korea may also face this tariff increase. Since the Chinese government has implied US tariffs can go up to 20% and the previous US Section 301 tariff was 12.5%, additions up to this amount appear unlikely to cause retaliation and escalation on the Chinese side. There may be more details released on agricultural purchases and the tariff reduction on $30bn goods. President Trump is also considering a $14bn arms sale to Taiwan, though this could conceivably be delayed until after the APEC/G20 meetings.

Exhibit 1: Upcoming key macro catalysts for China markets

Date	Events
19 Oct 2026	Q3 2026 GDP release
19-22 Oct 2026	Financial Street Forum (with PBOC, NFRA, CSRC and SAFE sessions)
26-29 Oct 2026	The 5th Plenum of the 20th CCP Central Committee
3 Nov 2026	US Midterm Elections
18-19 Nov 2026	APEC 2026 China (in Shenzhen)
Early to mid-Dec 2026	Politburo meeting on economic policies
Mid-Dec 2026	Central Economic Work Conference
14-15 Dec 2026	G20 Summit in Miami
10 Jan 2027	Expiration of extended tariff/rare earth control pause agreed at Trump-Xi meeting in Washington D.C.

Source: Goldman Sachs Global Investment Research