China Economic Perspectives

China-US presidential meeting: Warm rhetoric, fewer tangibles than expected

Economics

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The meeting delivered fewer tangibles than expected, but, in our view, enough to maintain the broad stability achieved in the bilateral relationship in recent months.

There were four main tangibles: consensus on proposals to reduce tariffs on US$30 billion of non-sensitive goods in each direction, China's imports of 10 million metric tons of US coal in 2027 and again in 2028, a two-month extension of the trade truce (per media, link), and 2 more pandas to the US. See the announcement from China and the White House Fact Sheet.

We had expected more concrete purchase commitments, particularly for aircraft and agricultural products, as well as oil and gas. The published outcomes did not specify new purchase commitments in these areas.

We believe the import of coal is mutually convenient as China has been tightening regulation on coal mine safety which limits the supply of coal as coal demand goes up due to seasonal factors and support from fixed asset investment. But the amount doesn't change the outlook for the sector.

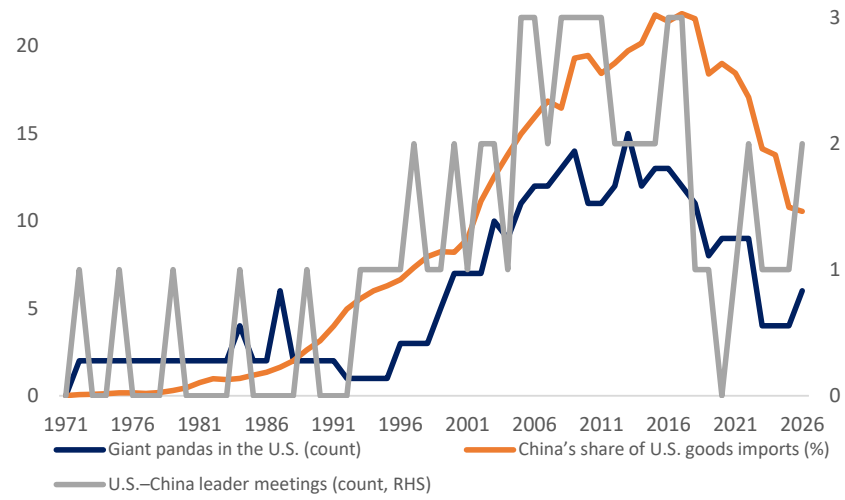
However, the two presidents agreed to meet two more times by the end of the year. Four meetings in a year would be the most ever. We view both leader meetings and panda diplomacy as imperfect but useful indicators of the state of US-China relations (see Figure 1 for historic data on US-China leader meetings going back to 1971).

Our key takeaways

- The bilateral relationship was upgraded to a "constructive relationship of strategic stability on the basis of respect, fairness, and reciprocity."
- The clear statement on the Middle East and international waters was likely a positive for international markets.
- The two countries also established a dialogue to exchange views on risks and benefits related to AI, under the "Super Intelligence" (SI) label promoted by President Trump.
- The trip again highlighted the dichotomy between high-level rhetoric and operational negotiations.The Chinese readout added "on the basis of respect, fairness, and reciprocity" to the existing formulation of a "constructive relationship of strategic stability."
- We believe a stable China-US relationship reduces the geoeconomic risks companies face (See here).
- We expect the next two presidential meetings—on the sidelines of APEC in Shenzhen in November and the G20 summit in Miami in December—to help maintain the broad stability achieved in the bilateral relationship in recent months.

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Figure 1: U.S.–China Relations: Trade, Leader Meetings and Panda Diplomacy



Source: Wind; Smithsonian's National Zoo; San Diego Zoo; Zoo Atlanta; Memphis Zoo; China's Ministry of Foreign Affairs; U.S. Department of State; UBS estimates. Note: Includes bilateral video meetings on 16 November 2021 and 18 March 2022. 2026 imports cover January–May.

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Valuation Method and Risk Statement

N/A