Decoding the U.S.-China Summit's Impact on Global Business

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Introduction

William Klein, Consulting Partner, Berlin

On September 24, Presidents Donald Trump and Xi Jinping will meet in Washington, DC, for their second summit of the year, with further engagements possible at the November APEC and December G20 gatherings. This cadence of leader-led diplomacy has put guardrails around the U.S.-China relationship, holding in place the truce struck during their 2025 meeting in Busan, South Korea. Sunday's pre-summit meeting between Vice Premier He Lifeng, Treasury Secretary Scott Bessent, and U.S. Trade Representative Jamieson Greer – reportedly covering AI, tariffs, and critical minerals – reflects both sides' interest in arriving at the summit ready to move the dialogue forward in tangible ways.

A reaffirmation and extension of the Busan truce – under which the United States agreed to hold off further tariff hikes in exchange for China resuming export licenses for critical minerals – is the most likely, and most positive, outcome this week. The two leaders will also likely reaffirm their commitment to the long-delayed Boards of Trade and Investment announced at the last summit. Both sides see value in exploring guardrails around AI, but fear that any understanding could constrain themselves more than the other side, likely limiting progress beyond a stated commitment to engage on the issue.

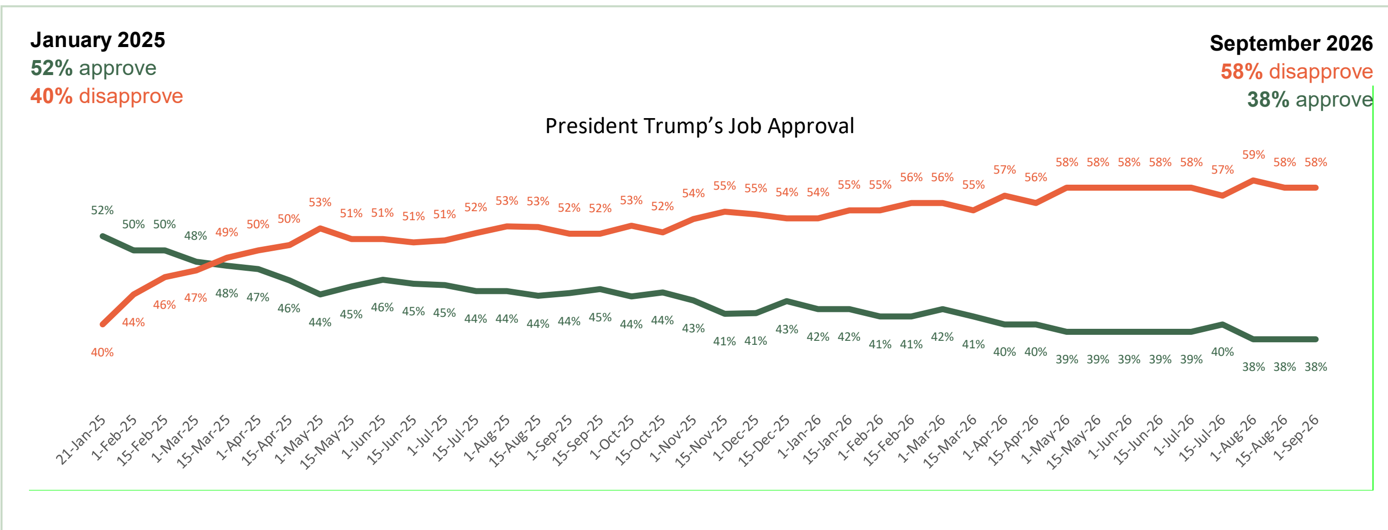
Yet this leader-led stability rests on thin institutional footing. Both countries' security and economic establishments keep seeking ways to cut dependence on the other while building their own competitiveness and leverage. This leaves companies with a stake in both markets facing the challenge of identifying where interdependence will hold, and where decoupling will continue to deepen. A clear delineation will likely remain elusive: the line is drawn by political perception, which shifts with threat assessments and a willingness to bear the costs of decoupling or derisking.

Our colleagues examine this arc from Beijing to Washington sector by sector – from the American midterms shadowing the summit, to trade, AI, energy, critical minerals and Iran – to assess where that border is likely to hold, and where it is already moving. The answer also matters far beyond the two capitals, as underscored by our colleagues around the world, who each assess what the summit means for their region.

Politics and Policy in the U.S.

Brett O'Brien, Partner, Washington D.C. and Sarah Trister, Managing Director, Washington D.C.

The Trump-Xi meeting comes 40 days before American voters head to the polls to decide who will control Congress for Trump's final two years in office. The specter of the election looms large as Trump faces voter concerns about affordability, a low approval rating, and the ongoing, and unpopular, war in Iran. Republicans hope a successful summit will boost Trump's America First message and highlight his ability to make deals favorable to the U.S. going into the election. But the climb will be steep. Democrats view Trump's ongoing discussions with China as a vulnerability – they will highlight the lack of progress toward an enduring deal and expose weak points in Trump's trade agenda – arguing that tariff policies have hurt local economies and sectors.



A change in power in one or both chambers of Congress is unlikely to lead to a softening in rhetoric or policy toward China. Democrats have largely embraced policies that seek to limit the transfer of key technologies to China, restrict the ability of Chinese companies to sell certain products into the U.S., and highlight human rights abuses. Instead of less scrutiny on China, expect Democrats to focus on exposing alleged corruption surrounding Trump Administration actions toward China and other countries, criticize Trump trade and national security policies, hammer Trump and congressional Republicans on the cost of the Iran war, and establish a contrast to the America First approach by repairing relationships with U.S. allies. Companies that appear close to the Trump Administration will find themselves under a microscope.

While Americans traditionally base their votes on kitchen table issues like housing and the economy, Trump's aggressive trade agenda combined with the ongoing impact of the Iran war place foreign policy in the spotlight in the weeks before the election – making the meeting between Trump and Xi more consequential than ever for an American President looking to solidify his legacy.

Commercial Relations and Trade

Paul Yang, Partner, Hong Kong

The diplomatic posture between the U.S. and China following Trump's visit to Beijing has been one of managed stability, though the operational reality remains one of persistent trade friction. Since the May summit, Beijing has visibly expanded its countermeasure toolkit against the United States. Recent measures include stringent export controls on drones, sanctions on U.S. entities under the Anti-Foreign Sanctions Law, and a national security investigation into U.S.-branded office equipment, though its legal framing covers all foreign software. Washington has moved in parallel: in June, the Department of Defense added 65 entities to its Chinese Military Company list, bringing the total to 188 companies and targeting major consumer and technology firms across AI, electric vehicles, biotechnology, and robotics. Both sides' actions appear to suggest calibrated escalation strategies as they prepare for the year's second presidential summit later this month.

While discussions on the Boards of Trade and Investment have advanced little since May, both sides continue to engage actively on potential areas for commercial collaboration. This includes finalizing a framework for reciprocal tariff reductions, narrowing a list of "non-sensitive" products and sectors, such as agriculture and aviation, that would be shielded from future trade restrictions, and the possible inclusion of business leaders within the Chinese delegation. Should this occur, it would signal Beijing's willingness to support continued investment and commercial ties with the United States, while implicitly acknowledging that strategic competition will remain the defining feature of the bilateral relationship between the world's two largest economies.

Accordingly, the commercial agenda for the upcoming Xi-Trump meeting is expected to remain centered on two areas: low-sensitivity pragmatic cooperation and structural contention. Tangible outcomes are anticipated in agriculture, conventional energy, and green and low-carbon sectors, areas notably absent from formal announcements at the May summit. With the Busan arrangement likely to be extended, the summit is expected to reinforce rather than reset the commercial relationship.

Technology and AI

Sarah Trister, Managing Director, Washington D.C.
and Doug Bove, Managing Director, Washington D.C.

Calls by leading American AI companies to slow the rate of development of frontier AI have exposed the deeply entrenched competition between the U.S. and China, with both Trump and Xi dismissing concerns in favor of gaining a competitive edge. Trump has framed the ongoing competition as a zero-sum game, while Xi has taken a more nuanced approach, saying that AI technologies should be “shared and governed by all countries.”

Expectations for any breakthrough on technology should be set low. Beijing’s likely objective is to fend off additional restrictions but offer little in direct concessions on AI in return. At most, expect an announcement on process, while further restrictions on AI and chip access continue to move through Congress and the executive branch. Businesses should expect continued skepticism among policymakers about Chinese models, from both a competition and national security standpoint.

Recent accusations that Chinese AI model makers have undertaken industrial-scale distillation have been met by Treasury Secretary Scott Bessent’s threat to sanction culpable Chinese firms and Congress’s proposed Deterring American AI Model Theft Act to protect U.S. AI capabilities. Two key House committees have also opened an investigation into the national security risks posed by Chinese AI models, and legislation has been offered to restrict U.S. government use of these models. While the path to regulatory action seems uncertain, U.S. companies utilizing Chinese AI will face ongoing scrutiny.

In parallel to the bilateral track, both governments are building rival blocs on AI. China launched the World AI Cooperation Organization in Shanghai on July 16 with 29 signatories, pitching open-weight models and training to the Global South; the U.S.-led Pax Silica reached 25 declaration signatories by August. Whether the two sides can put aside competition to face difficult questions about security is an open question.

Energy

Catharine Ransom, Partner, Washington D.C. and Asaf Nagler, Managing Director, Washington D.C.

Both governments face domestic pressure centered on energy, from high prices at the pump to the race for AI dominance. A wide swath of energy-related dynamics are at play heading into September 24.

On AI infrastructure, both countries are jockeying to lead the global AI race but are taking different approaches. China continues to move quickly at scale on clean energy, while U.S. policy is leaning on natural gas, the promise of new nuclear energy sources, and the removal of barriers to grid interconnection.

Supply chains present a parallel tension. China leads globally on batteries and solar PV; while the U.S. solar market has slowed, U.S. solar manufacturing has grown 700% since 2022. While the U.S. sees increased demand for data centers, it is trying to fend off Chinese equipment with new restrictions on connecting Chinese electrical equipment to the bulk power grid, Foreign Entity of Concern requirements, and 45X credits to build U.S. solar, critical minerals, and battery supply chains.

The fossil fuel picture is similarly complex. U.S. LNG exports averaged a record 17.4 billion cubic feet per day in the first half of 2026, but China has placed tariffs on U.S. crude and LNG. Closure of the Strait of Hormuz drove China’s crude imports to their lowest level since 2016 in June, forcing drawdowns of China’s reserves. The U.S. faces its own pressures: gasoline remains well above $4 per gallon, with affordability a top voter concern ahead of November elections. The Administration’s release of oil from the Strategic Petroleum Reserve (SPR) in March brought only modest relief and pushed the SPR to its lowest level since 1983.

A major strategic realignment is likely not afoot, but there may be appetite for expanded U.S. LNG and crude purchase commitments from China, building on the four LNG vessels that sailed to China within days of the May summit.

Critical Minerals

Heather Tory, Partner, Toronto and Will Thompson, Managing Director, Washington D.C.

The Trump-Xi summit will take place 47 days before the expiration of China’s one-year suspension of export controls on many critical materials, and is likely the last opportunity for the leaders to discuss whether the suspension is extended, modified, or allowed to lapse. The summit will also shape near-term decision-making by companies and investors, and send key economic signals for sectors reliant on critical minerals, including energy and defense.

Since the May summit, both sides have hardened their positions rather than build on the diplomatic opening provided by the suspension. China blacklisted MP Materials and USA Rare Earth in June, targeting the two firms at the center of Washington’s efforts to build a domestic supply chain. The U.S. responded with allied supply agreements, a $12 billion stockpile initiative, and a U.S.-EU critical minerals action plan, all of which China has read as a signal for longer-term decoupling and answered with further tightening of exports in August. Each side’s defensive investments are being interpreted by the other as offensive escalation, producing a cycle that the May framework failed to interrupt.

The practical consequences are already visible – firms are halting trade out of fear of government retaliation or retribution. By early September, Chinese suppliers were freezing U.S. shipments voluntarily, even where valid export licenses existed. U.S. imports of yttrium remain at roughly half their 2024 level. Some American buyers have waited more than six months for approvals. Regulatory permission no longer guarantees that material will move, creating difficulties for manufacturers operating on tight schedules.

Progress on building allied supply chains is real but years from reaching scale. The U.S. remains heavily import-dependent due to China’s control of the bulk of critical minerals processing, giving China structural leverage that U.S. stockpile initiatives cannot presently offset. The most likely summit outcome is a narrow truce extension that eases immediate pressure without resolving the structural rivalry.

Iran

Iesha Carter, Senior Associate, Washington D.C.

The latest escalation in the U.S. economic pressure campaign against Iran has stopped short of targeting major Chinese banks, despite China's central role in Iran's oil trade. The U.S. has instead targeted financial and commercial networks facilitating Iranian transactions, while warning larger Chinese lenders of potential secondary sanctions. Targeting major Chinese banks could increase pressure on Iran, but would risk Chinese retaliation and further complicate an already difficult bilateral economic relationship.

That leaves a potentially powerful but escalatory source of U.S. leverage unused as Trump and Xi prepare to meet. Still, Iran is likely to remain secondary to the economic issues at the center of the summit. While both countries have an interest in ending the Iran conflict, their incentives are asymmetric. The U.S. faces mounting economic and political pressure from the war ahead of the November midterm elections. China would also benefit from restored energy and shipping flows, but has less urgency given its greater capacity to withstand the disruption through domestic production, strategic reserves and diversified supply. De-escalation is therefore desirable for China without necessarily being an overriding priority.

With the U.S. having more to gain from a near-term resolution, securing meaningful Chinese support on Iran would likely require concessions elsewhere in the relationship, a posture that does not seem to be likely on the U.S. side – especially given that China's ability to materially alter Iran's calculations may itself be limited.

The summit will therefore be worth watching less for a breakthrough on Iran than for any indication that the conflict is beginning to alter the broader U.S.–China relationship. A Chinese call for de-escalation, alongside continued U.S. restraint toward major Chinese banks, would largely preserve the bilateral economic détente. More consequential would be substantive Chinese commitments on Iran or, conversely, U.S. willingness to extend its pressure campaign deeper into China's financial system and accept possible exposure beyond energy and shipping. Absent such a shift, the summit is unlikely to alter the near-term outlook, with elevated energy, freight and insurance costs likely to persist.

This makes Southeast Asia increasingly important under most scenarios short of a rupture. A thaw would reinforce its role as a complement to China, close enough to benefit from its supply chains but relatively insulated from geopolitical risk. A renewed chill would accelerate diversification while bringing greater scrutiny of Chinese ownership, inputs and transshipments. Either way, Southeast Asia is becoming part of the architecture that allows global corporates to stay invested in China without being wholly dependent on it.

Asia-Pacific

Andrew Yeo, Partner, Singapore

Southeast Asia will approach the Trump–Xi meeting with a familiar but less obvious anxiety. The region has much to lose from confrontation between the superpowers, yet an overly cozy accommodation might also not be optimal.

Southeast Asia has been an unlikely beneficiary of strategic competition. It has drawn greater American attention and investment, pushed Chinese companies abroad, and given regional governments more room to bargain. The preferred regional equilibrium is one of bounded competition: enough rivalry to preserve its strategic value, but not so much that trade, investment and security begin to fracture.

For multinational companies, the importance of September 24 will lie less in whatever deals are announced than in what the meeting reveals about the trajectory of the relationship. A warmer encounter may lessen the urgency to diversify from China, but is unlikely to reverse it. Corporate memories of tariffs, sanctions and export controls are now long enough that few boards will revert to dependence on a major country as a matter of commercial strategy.

Japan

Colin Thompson, Director, Tokyo

Tokyo is watching four issues closely ahead of the Trump-Xi Summit, each with direct consequences for Japan’s economy and security.

Taiwan remains paramount. At the May summit, Trump declined to commit to the pending $14 billion Taiwan arms package and the official White House readout omitted any reference to Taiwan altogether. For a government that has anchored its security strategy on U.S. resolve in the Taiwan Strait, that silence reads as a concession.

Rare earths are the most immediate economic pressure point. Since the diplomatic row triggered by Prime Minister Takaichi’s November 2025 parliamentary remarks on a possible Taiwan contingency, Beijing has cut exports of dysprosium, terbium, and tungsten to Japan, in some cases to zero, while continuing to ship finished rare-earth magnets to other markets.

Washington secured what was framed as a global rare-earth relief from Beijing at the 2025 Busan summit, but in practice Tokyo has seen none of that relief. Chinese curbs on Japan have continued well into mid-2026, evidently tied to the separate Taiwan dispute rather than to the U.S. deal’s terms. Tokyo wants Trump to press Xi for the same treatment Washington has already secured.

Japanese manufacturers are watching the broader U.S.-China trade relationship just as closely. Many run supply chains that source components in China before finishing and exporting them elsewhere. If the tariff truce collapses in November, those inputs become more expensive, compounding costs Japanese automakers are already absorbing from U.S. tariffs on their direct exports.

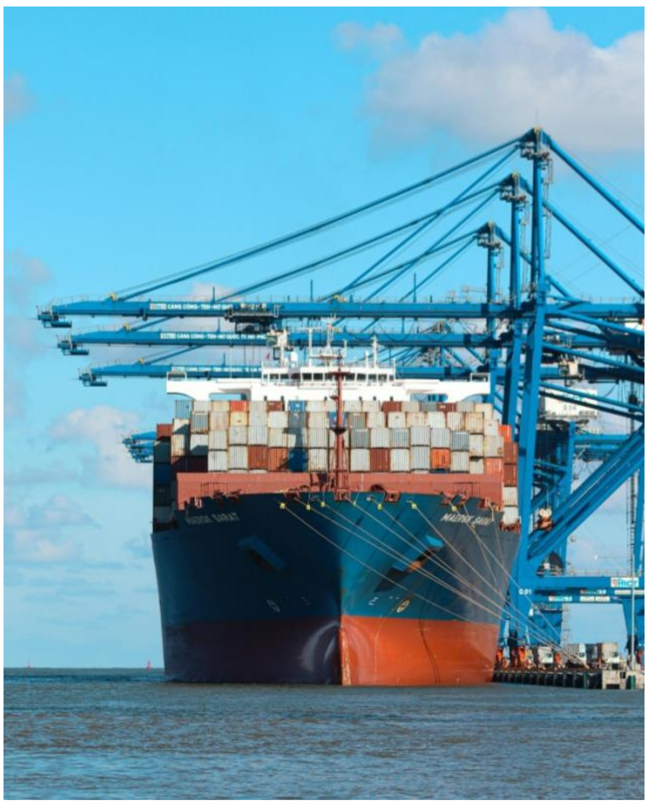
Underlying all of these concerns is Tokyo’s fear of a bilateral grand bargain that settles U.S.-China terms without reference to Japanese interests. That anxiety likely explains why Prime Minister Takaichi is pressing for consultations with Trump before the September 24 summit, to convey Japan’s position on China directly and be seen standing shoulder-to-shoulder with the U.S.

Middle East

Sophie McNulty, Partner, Dubai

The Beijing summit extended the trade truce but left the real question for Gulf nations unanswered: where competition boundaries actually lie for the sectors that matter to them. With Xi's forthcoming visit to Washington, watchers in the Middle East will be looking to see whether the meeting moves beyond trade stabilization to concrete progress.

Meanwhile, the Iran conflict has only reinforced the need for clarity as Gulf investors (and governments) look to diversify. The Middle East can no longer wait for Washington and Beijing to draw the lines on AI, robotics, and biotech. Today's regional realities demand a strategy that is durable regardless of where the U.S. and China relationship heads.



Africa

Raenette Taljaard, Senior Advisor, Cape Town

African economies will analyze the upcoming summit to see whether progress has been made on the operationalization of the Boards of Trade and Investment announced at the last Summit. The Continent's own deep trade diversification globally and continued integration locally via the African Continental Free Trade Area (AfCFTA) continues apace. The recent Southern Africa Development Community (SADC) and BRICS Summits in Durban and Delhi, respectively, provide important regional context for the Trump-Xi meeting. SADC prioritized regional use of deposits of platinum, lithium, diamonds, manganese, cobalt and copper at its last summit. This is significant given that Africa holds 30% of the global reserves of critical energy-transition minerals, which are key to AI, data centers, and AI-enabled modern weapon systems. African leaders will continue to leverage these deposits in the AI era's global microchip and semiconductor race, particularly in the context of any unresolved U.S.-China tensions.

China remains a key player in the BRICS' vision to link their payment systems and, eventually, their central bank digital currencies, which could add to friction with the Trump and successor U.S. administrations.

Africa already enjoys duty-free access to the Chinese market, and a growing mindset shift toward localization of rare earth minerals, beneficiation, AfCFTA, and technological sovereignty is reshaping the continent's relationships with both it and the U.S. African economic strategists will be keen observers of what September 24 produces, mindful of the possible impact of U.S. midterm elections on the projection of U.S. power abroad.

Europe

Tom White, Partner, Brussels

For the EU and its member states, the summit provides a stark reminder they have no seat at the table for discussions critical to their economic and security interests. It comes just weeks after direct meetings between Washington and Moscow about Ukraine. The resulting anxiety in Brussels is driving a new approach to trade and industrial policy toward China and the U.S., but also toward global businesses.

This contrasts with EU efforts in Trump's first term to preserve a multilateral system. European industrial businesses are demanding an unprecedented level of trade defense cases. Use of more recently established instruments, such as the foreign subsidies regulation, that were originally conceived primarily as a source of leverage are increasingly seen as a means of protection. It has also prompted the European Commission to float new legal tools to "safeguard" strategic sectors and force companies to diversify suppliers, all of which mean some opportunities but also risk and uncertainty. Trade Commissioner Maros Sefcovic's own Beijing visit in October, and his dialogue with Commerce Minister Wang Wentao, are unlikely to unlock a change in direction, but the preparatory engagement with and by businesses provides useful reminders of what is at stake.

United Kingdom

Jamie Hope, Managing Director, London

For a new Burnham administration focused on affordability, the summit matters not because of the primacy of the U.S.-China question, but because of its fallout. How developments in the relationship could affect prices, supply chains and investment in the UK will be the key concern.

Against that backdrop, the current status quo would be welcomed. Avoiding further tariffs, export controls or retaliation would provide reassurance, even if the underlying strategic rivalry remains unresolved.

The upside would be either much greater stability between Washington and Beijing or, to the extent it is possible, some greater insulation benefit for the UK, protecting it from the ripple effects of their competition. The downside is renewed confrontation that increases costs, disrupts access to critical goods and technologies, or leads Washington to press the UK to align with its strategic decoupling as a price of U.S. market access.

Our expectation, however, is that the summit is more likely to establish a "G2" model in which Washington and Beijing increasingly manage their relationship while others look on. This is also the more serious risk for the UK, leaving it exposed to decisions taken elsewhere with less influence over them. This is particularly problematic for the UK as it prepares for its G20 presidency.

Latin America

José Parra, Partner, Miami

Two weeks before the Trump-Xi summit, Secretary of State Marco Rubio went on a three-day Latin America tour, formalizing security agreements and sending a message to both China and U.S. neighbors about regional American influence. That was not a coincidence.

Washington's concerns about China's significant regional inroads, through investments in strategic infrastructure such as a mega seaport in Peru and its emergence as the top trading partner in many countries, were evident in the 2025 U.S. National Security Strategy, which spelled out the "Donroe Doctrine," refocusing U.S. interests on the Americas and away from other regions.

Latin American stakeholders know the region may not be discussed directly at the summit, but it will be front and center. Rubio's visit and the inclusion of Peru in Trump's Shield of the Americas security initiative, which allows the U.S. government to conduct joint security operations in Latin America, made that clear.

Further proof is Mexico's consideration of a bill to impose tariffs on Chinese-made products, coming less than a year after it imposed 50% tariffs on Chinese vehicles. This comes amidst jockeying around the USMCA, which Washington declined to renew in July, but which Trump may need to push back against Chinese commercial ascendance on a global scale.

Canada

Phil Harwood, Partner, Toronto

Trade tensions between Canada and the U.S. are the backdrop to how the Canadian government and businesses will view the next Trump-Xi Summit. Canada will be watching for signals of reduced tension between the two largest global economies in order to assess which sectors will be trigger points to avoid or where to tread carefully as Canada focuses on its own trade interests. Services or products deemed by the U.S. as no-go zones for China, such as critical minerals or AI services, have the potential to create crossfire risks for Canadian trade. Canadian businesses will face opposing interests between those who want renewed export access to the U.S. market, those eyeing the Chinese market as the means to diversifying exports, and those serving the domestic market who face subdued demand due to customers facing higher costs overall or options for lower-cost competing imports from China.

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