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The Rise and Fall of a New Cold War: The US–China Great Power Rivalry from President Trump I to II

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ABSTRACT

President Trump's second term has prioritized trade dealmaking while avoiding criticism of China's political system or its geopolitical ambitions, thereby defusing the new Cold War that his first administration helped ignite. This article argues that this shift was not structurally predetermined. Rather, it reflected Trump's recalibrated policy priorities after consolidating near-total control over the Republican Party, as well as his personal attitudes toward China's leader. Although the resulting strategic stability is fragile and may prove temporary, the rise and fall of the new Cold War illustrates that structural tensions do not inevitably lead to confrontation. While the given balance of power shapes the broader environment, leaders matter. Their policy priorities, personal perceptions, and political incentives can shift the trajectory of the world's most consequential bilateral relationship.

President Trump's first term oversaw a full-frontal US–China great power rivalry, leading many observers to claim that the world was entering a new Cold War or Cold War II and explore how to distinguish it from Cold War I between the US and the Soviet Union.¹ In his second term, however, President Trump refrained from criticizing China's political system and human rights record, avoided references to the South China Sea and Taiwan, and focused instead on striking trade deals, effectively defusing the new Cold War. The academic debate over whether foreign policy shifts are driven by structural forces or agency resurfaces here. Many Chinese analysts are natural structural realists, attributing the policy shift to a changing balance of power in China's favor that compelled Trump to accommodate China's core interests. Chinese social media commentators similarly argued that China's growing military and economic strength had left the United States little choice but to yield. As a former editor-in-chief of the *Global Times* wrote, 'The present moment is arguably one in which China is at its most confident, while the United States is at its least. The Tiananmen Victory Day parade has crushed American military arrogance; in technological competition, the U.S. chip blockade, once seen as a trump card, is gradually being overturned, with China taking the lead across a range of high-tech industries; in trade, the

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¹ Robert D. Kaplan, 'A New Cold War Has Begun' *Foreign Policy*, 7, January 2019, <https://foreignpolicy.com/2019/01/07/a-new-cold-war-has-begun/>; Lawrence J. Haas, 'US must prepare for cold war with China' *The Hill*, 27, March 2021, <https://thehill.com/opinion/international/545215-us-must-prepare-for-cold-war-with-china>; Alan Dupont, 'The US-China Cold War Has Already Started' *Th Diplomat*, July 8, 2020, <https://thediplomat.com/2020/07/the-us-china-cold-war-has-already-started/>; Michael Lind, 'Cold War II' *National Review*, 10, May 2018, <https://www.nationalreview.com/magazine/2018/05/28/us-china-relations-cold-war-ii/>; Yang Yao, 'The New Cold War: America's New Approach to Sino-American Relations' [2021] 3(1), *China International Strategy Review* 20–23, https://www.ivysci.com/en/articles/2679656_The_New_Cold_War_Americas_new_approach_to_SinoAmerican_relations; Hal Brands, *Lessons from the New Cold War: America Confronts the China Challenge*, (Johns Hopkins University Press, 2025).

U.S. has completely lost its deterrence over China, and Washington is now eager to reach agreements.²

By contrast, many other observers doubted that the balance of power had shifted dramatically enough to account for Trump's abrupt change. Ian Bremmer, for instance, predicted in January 2025 that US–China relations would be 'materially worse' within a year, due to enduring structural tensions. Moving beyond structure and betting against Bremmer, Graham Alison highlighted the role of individual leaders, predicting that 'this time next year ... we'll be surprised on the upside in the US–China relationship because Xi and Trump get on very well and understand each other. They both think of themselves as great men. They like each other in that respect'.³ Alison even anticipated that, as President Nixon did five decades ago, Trump could form a constructive partnership with China.⁴ Chinese Foreign Minister Wang Yi echoed this view and said that 'President Xi Jinping and President Trump are world-class leaders (世界级领袖) who have interacted over a long period and respect each other; this has become the most valuable strategic asset (最宝贵的战略资产) in China—U.S. relations'.⁵

Almost a year into Trump's second term, US–China relations have not materially worsened. While not substantially improved, they have stabilized. As US Secretary of State Marco Rubio characterized, 'the relationship is entering a period of strategic stability',⁶ in which both sides seek to manage competition and avoid escalation. Putting aside Taiwan and other contentious ideological and geopolitical issues, the Trump–Xi Summit on 30 October 2025 achieved at least a one-year pause in the trade war and enhanced strategic stability in the relationship. This change is not due to structural convergence but an alignment of leadership preferences in Washington and Beijing, suggesting that US–China relations are not predetermined but shaped by the decisions of strong leaders in both countries. While shifting balances of power shape the broader environment, the choices of political leaders' policy priorities can rapidly accelerate, decelerate, or redirect strategic competition.

The Trump administration's first term, influenced heavily by China hawks and shaped by China's increasingly assertive behavior, framed the bilateral relationship as a historic contest reminiscent of the Cold War. Yet in Trump's second term, with the departure of these hawks and the consolidation of Trump's personal authority over the Republican Party and national security bureaucracy, Trump's preference for transactional diplomacy, his admiration for strongman leaders, his reorientation of US foreign policy toward narrow national interests, and his desire to strike deals—particularly with Xi Jinping—substantially defused the new Cold War. Trump saw Xi not as an ideological rival but as a peer capable of striking deals. He often portrayed China's governance model not as a threat but as a potential reference point for strengthening American state capacity.

This strategic cooling, however, does not reflect a fundamental transformation in the US–China relations. Structural tensions remain, but the past decade shows that they do not inevitably lead to confrontation. Leaders matter. Their policy priorities, personal perceptions, and political incentives can shift the direction of the world's most consequential bilateral relationship. Strategic stability, however fragile, is possible, but only if leaders on both sides resist the gravitational pull of paranoia and pride. Whether this stability endures depends on future choices by leaders in both countries.

²胡锡进 (Hu Xijin), '我们宪法秩序下的宽松和自由,如何不断推进', (How to continuously advance tolerance and freedom under the constitutional order), October 6, 2025, https://mp.weixin.qq.com/s/U3M8RjWzamToN3hINA0kqQ?click_id=53&scene=1&utm_source=substack&utm_medium=email.

³Frank Chen, 'We'll be surprised' by US–China improvements, Harvard scholar argues in Davos', *South China Morning Post*, January 21, 2025, <https://www.scmp.com/economy/global-economy/article/3295687/well-be-surprised-us-china-improvements-harvard-scholar-argues-davos>.

⁴Graham Allison, 'Is Trump a China hawk? How Trump, like Nixon, Could Form a Partnership with China', *Washington Post*, February 5, 2025, <https://css.washingtonpost.com/opinions/2025/02/05/trump-china-ukraine-xi-hawks-doves>.

⁵王毅同美国国务卿鲁比奥通电话' (The Ministry of the People's Republic of China), The Chinese Ministry of Foreign Affairs, October 27, 2025, https://www.mfa.gov.cn/web/wjzb_673089/xghd_673097/202510/t20251027_11741765.shtml.

⁶Secretary of State Marco Rubio with Brian Kilmeade of Fox Radio', *The US Department of State*, July 31, 2025, <https://www.state.gov/releases/office-of-the-spokesperson/2025/07/secretary-of-state-marco-rubio-with-brian-kilmeade-of-fox-radio>.

Domestic politics in the US and China, shifts in global power, crises in Taiwan or the South China Sea, or leadership changes could all re-escalate tensions.

The Rise of a New Cold War

The US–China great power rivalry began to define their relationship after the 2009 global financial crisis. China weathered the crisis more effectively than the United States, bolstering Chinese leaders' confidence in the country's rise and reinforcing the belief that the US was in decline. This generated a shift in China's attitude—from looking up (仰视) at the United States with a sense of inferiority, to viewing it as an equal (平视), if not from a position of superiority. This shift laid the foundation for the Chinese leadership to promote the 'China Dream' of national rejuvenation and frame global change as part of a 'profound transformation unseen in a century', in which the East was rising and the West declining.⁷

Emboldened by this narrative, Beijing advanced a more assertive foreign policy, pressing the United States to respect China's essentially non-negotiable 'core national interests'—including sovereignty and territorial integrity claims over Taiwan, Hong Kong, Tibet, Xinjiang, and disputed maritime territories in the South and East China Seas, and China's political system. China also promoted a 'new model of major power relations', seeking US recognition of its expanded interests and geopolitical weight. Chinese diplomacy adopted a sharper tone—popularly known as 'wolf warrior diplomacy'—to defend the CCP regime and rebuff foreign criticism. Beijing expanded its outreach through the Belt and Road Initiative, cultivated an anti-hegemonic coalition with Russia, North Korea, Iran, and others, while building BRICS+ as a platform that excluded the United States.

China's growing assertiveness prompted Washington to recalibrate its own approach. President Trump I suspended the longstanding policy of engagement and adopted a competitive stance. His National Security Strategy in 2017 stated that 'After being dismissed as a phenomenon of an earlier century, great power competition returned'. Senior administration officials thereby recast China as the United States' top strategic competitor and framed the bilateral rivalry as a new Cold War. Matt Pottinger, the senior director for Asia and the Pacific at the National Security Council, unveiled that the administration's China policy would 'bring the concept of competition to the forefront'.⁸ Vice President Mike Pence accused the previous administrations of having ignored or even 'abetted' China's abuses and proclaimed that the Trump administration would speak up, stand up, fight, and win.⁹ Fueling ideological hostility and portraying China as a threat to the American way of life, Secretary of State Mike Pompeo drew sharp distinctions between the CCP and the Chinese people, calling for resistance to the CCP's global ambitions.¹⁰

As the new Cold War took shape across multiple domains, the Trump administration adopted an 'all-of-government' and 'all-of-society' approach and launched a trade war to address economic grievances and curtail China's technological advancement. Becoming the first US president to speak directly with a Taiwanese President since the normalization of the US–China relationship, Trump broke precedent by speaking with Taiwan's president and signing the Taiwan Travel Act, which enables reciprocal visits between US and Taiwanese officials and sends senior cabinet members to Taipei.¹¹

⁷阮宗泽 (Ruan Zongze), '中国平视世界的重大划时代意义' (the Profound Significance of China's Looking at the World from an equal position), *现代国际关系* (Contemporary International Relations), no. 6, [2021], 1.

⁸Jeremy Goldkorn, 'Trump Official Matt Pottinger quotes Confucius, in Chinese, to Make a Point about Language and Truth', *SupChina*, October 1, 2018, [divhttps://supchina.com/2018/10/01/matt-pottinger-quotes-confucius-in-chinese/div](https://supchina.com/2018/10/01/matt-pottinger-quotes-confucius-in-chinese/).

⁹Jane Perlez, 'Pence's China Speech Seen as Portent of "New Cold War"', *New York Times*, October 5, 2018, <https://www.nytimes.com/2018/10/05/world/asia/pence-china-speech-cold-war.html>.

¹⁰Michael R. Pompeo, Secretary of State, 'Communist China and the Free World's Future', *The US Department of State*, July 23, 2020, <https://www.state.gov/communist-china-and-the-free-worlds-future/>.

¹¹Suisheng Zhao, 'Engagement on the Defensive: From the Mismatched Grand Bargain to the Emerging US-China Rivalry' [2019] 28(118) *Journal of Contemporary China* <https://www.tandfonline.com/doi/full/10.1080/10670564.2018.1562730>.

The new Cold War forged a new Washington Consensus. Both parties agreed that China posed a systemic threat to US national security, global leadership, and democratic values. Although Trump lost the 2020 election, President Joe Biden largely sustained the competitive framework. Identifying China as the foremost strategic challenge, the Biden administration pledged to 'out-compete' China, maintain US leadership, and prevent China from surpassing US power.¹² This period saw a proliferation of conspiracy theories —'the hundred-year marathon' and 'the long game'—that portrayed China as pursuing regional hegemony and aspiring to displace the United States globally.¹³

The rivalry was further framed ideologically as a contest between democracy and autocracy. Biden administration's National Security Strategy, published in 2022, claimed: 'The most pressing strategic challenge is from powers that layer authoritarian governance with a revisionist foreign policy'. The Biden administration strengthened alliances and partnerships—including the QUAD, AUKUS, and the Indo-Pacific Economic Framework, pushing for an Asia-Pacific version of NATO.¹⁴ Signaling a harder line on Taiwan, Biden publicly committed, multiple times, that the United States would defend Taiwan, straining the policy of strategic ambiguity. His Assistant Secretary of Defense for Indo-Pacific Security Affairs, Ely Ratner, emphasized Taiwan's strategic value and opposed even peaceful unification.¹⁵

Beijing responded by accusing Washington of outdated Cold War thinking, zero-sum logic, and ideological prejudice. China intensified military pressure in the Taiwan Strait, raising fears of accidental conflict, making Taiwan one of the few issues with the potential to spark a hot war between China and the US.¹⁶ The result was a prolonged bilateral crisis, replacing the earlier cycle of crises, temporary retreats, and renewed engagement. The downward spiral reached its lowest point in 2018–2023. Most official communication channels collapsed. People-to-people exchanges were significantly reduced. Media coverage hyped overwhelmingly negative opinions toward each other.¹⁷

The Fall of the New Cold War

Many of Trump's supporters expected him to continue the new Cold War after winning the 2024 presidential election. As Republican Senator David Perdue, who later became Trump's ambassador to China, stated, the US should 'avoid changing directions every four years'.¹⁸ Former Trump administration official Matt Pottinger and Republican Senator Mike Gallagher likewise urged Trump to pursue nothing short of victory in the new Cold War, calling for a long-term strategy to eliminate what they described as the CCP's aggressive and totalitarian nature.¹⁹

¹²Rush Doshi, 'What China's Leaders Grasp About Another Trump Term', *The New York Times*, October 14, 2024, <https://www.nytimes.com/2024/10/14/opinion/trump-china-election.html>; Jong Un, 'Kamala Harris says America, not China, will win twenty-first century', *Nikkei Asia*, August 23, 2024, <https://asia.nikkei.com/Politics/U.S.-elections-2024/Kamala-Harris-says-America-not-China-will-win-21st-century>.

¹³Andrew Latham, 'Beijing Seeks Strategic Balance, not Global Domination', *The Hill*, March 9, 2023, <https://thehill.com/opinion-national-security/3886156-china-seeks-strategic-balance-not-global-domination/>.

¹⁴Takuya Karube, 'NATO to Launch 4 new defense projects with Indo-Pacific Partners', *Kyodo News*, July 10, 2024, <https://english.kyodonews.net/news/2024/07/5dd591e7226d-update2-nato-to-launch-4-new-defense-projects-with-indo-pacific-partners.html>.

¹⁵Michael D. Swane, 'US official signals a stunning shift in the way we interpret "One China" policy', *Responsible Statecraft*, December 10, 2021, <https://responsiblestatecraft.org/2021/12/10/us-official-signals-stunning-shift-in-the-way-we-interpret-one-china-policy/>.

¹⁶Suisheng Zhao, 'Is Beijing's Long Game on Taiwan about to end? Peaceful Unification, Brinkmanship, and Military Takeover' 32(143) [2023] *Journal of Contemporary China* 705–726.

¹⁷Suisheng Zhao, 'Talk the Talk, Walk the Walk: Can Regular Communication Reverse the Prolonged Crisis in the US-China Relationship?' [2024] 33(150) *Journal of Contemporary China* <https://www.tandfonline.com/toc/cjcc20/33/150?nav=tocList>.

¹⁸David Perdue, 'China's New War: America's Freedom Depends on Confronting the Threat', *Washington Examiner*, September 6, 2024, <https://www.washingtonexaminer.com/magazine/3142400/chinas-new-war-americas-freedom-depends-on-confronting-the-threat>.

¹⁹Matt Pottinger and Mike Gallagher, 'No Substitute for Victory, America's Competition with China Must Be Won, Not Managed', *Foreign Affairs*, May/June 2024, <https://www.foreignaffairs.com/united-states/no-substitute-victory-pottinger-gallagher>.

To their disappointment, Trump's second-term China policy diverged sharply from the ideological hard line of his first term. Although he continued blaming China for issues ranging from economic dislocation to flooding fentanyl in America, Trump increasingly framed China as an economic competitor rather than an ideological and geopolitical adversary. Emphasizing domestic priorities, transactional interests, and the pursuit of narrow national gains rather than containing China's geopolitical ambitions, Trump centered US policy on renegotiating trade arrangements and asserting US dominance in the Western Hemisphere. He has focused on the 'enemies within': Democrats, globalists, illegal immigrants, Islamist terrorists, 'woke' progressives, sexual minorities, environmentalists, and European-style liberals. His administration withdrew from key liberal international institutions—including the WHO, the Paris Agreement, and the UN Human Rights Council—and defunded US democracy promotion organizations such as USAID, Voice of America, and the National Endowment for Democracy. These moves reassured Beijing that the United States was no longer committed to ideological and geopolitical competition.

Trump envisioned a tripolar world dominated by three great powers—China in the Asia-Pacific, Russia in Eurasia, and the United States in the Western Hemisphere—echoing nineteenth-century spheres of influence.²⁰ Turning the US–China great power competition into great power collusion,²¹ Secretary of State Marco Rubio, following Beijing's rhetoric, declared that the era of American unipolarity was over. The United States was returning to a more multipolar world.²² In his first meeting with his Chinese counterpart, Defense Secretary Pete Hegseth, while relaying the US resolution to defend its vital interests in Asia-Pacific, assured Beijing that the United States did not seek conflict, regime change, or strategic 'strangulation' of the PRC.²³ After Trump's summit with Xi in South Korea on 30 October 2025, Secretary Hegseth reiterated that 'peace, stability, and good relations are the best path for our two great and strong countries'.²⁴

Trump's National Security Strategy, published in December 2025, adopted a conciliatory tone toward China and viewed the threat posed by China almost entirely through economic lens, barely mentioning its military threat. The document framed "the outsized influence of larger, richer, and stronger nations" as "a timeless truth of international relations." The US must "reject the ill-fated concept of global domination" in favor of "global and regional balance of power," implying the US is not intent on Great Power Competition and open to spheres of influence. The document also dropped the "rules-based international order" as the foundation for global peace and prosperity and did not assure US "respect for international law."

While Trump articulated a minimalist US global role, he simultaneously expanded US assertiveness in the Western Hemisphere. From the very beginning, the administration floated plans to reclaim the Panama Canal, explore annexation of Greenland, rename the Gulf of Mexico as the 'Gulf of America', consider Canada becoming the 51st state of the United States, and contemplate military operations against Venezuela and narco-trafficking networks in the Caribbean basin.²⁵ The National Security Strategy in 2025 introduced a concept of a "Trump Corollary to the Monroe

²⁰Edward Wong, 'Trump's Vision: One World, Three Powers?' *New York Times*, May 26, 2025, <https://www.nytimes.com/2025/05/26/us/politics/trump-russia-china.html>.

²¹Stacie E. Goddard, 'The Rise and Fall of Great Power Competition: Trump's New Spheres of Influence', *Foreign Affairs*, May/June 2025, <https://www.foreignaffairs.com/united-states/rise-and-fall-great-power-competition>.

²²Secretary Marco Rubio with Megyn Kelly of The Megyn Kelly Show, *The US Department of State*, January 30, 2025, <https://www.state.gov/secretary-marco-rubio-with-megyn-kelly-of-the-megyn-kelly-show/>.

²³David Brunnstrom, Idrees Ali and Phil Stewart, 'Hegseth tells China in first call that US is not seeking conflict', *Reuters*, September 10, 2025, <https://www.reuters.com/world/china/hegseth-tells-china-first-call-that-us-is-not-seeking-conflict-2025-09-10/>.

²⁴Alcott Wei, 'US does not seek conflict, Hegseth says in meeting with Chinese Defense Minister Dong Jun', *South China Morning Post*, October 31, 2025, <https://www.scmp.com/news/china/military/article/3331077/us-does-not-seek-conflict-hegseth-says-meeting-chinese-defence-minister-dong>.

²⁵Jack Nicas, 'The "Donroe Doctrine": Trump's Bid to Control the Western Hemisphere', *New York Times*, November 17, 2025, https://www.nytimes.com/2025/11/17/world/americas/trump-latin-america-monroedoctrine.html?campaign_id=346&emc=edit_wor_20251117&instance_id=166609&nl=the-world*i_id=16767078&segment_id=210782&user_id=0a87f100a3af8ee54ba4511aeed130f5.

Doctrine or “the Donroe Doctrine.” It made it crystal clear that the Western Hemisphere was the priority region and, in line with that, immigration, drugs and crime, and “non-Hemispheric competitors” (China’s presence in the Hemisphere) are elevated to the major national security concerns.

Urging allies such as Japan and NATO members to raise defense spending to 5% of GDP—far above current levels—to reduce the US military burden, Trump’s shift of policy priorities eroded confidence in US commitments among allies in Europe and the Indo-Pacific, generating a perception that US security guarantees are now tenuously contingent on payment rather than shared strategic interests. This perception was confirmed when China asserted its sovereignty over Sandy Cay in April 2025, a previously unoccupied land feature in the South China Sea, the Trump administration registered little to no public response or discernible pushback. A month later, China water cannoned Philippine vessels operating in the vicinity of Sandy Cay.²⁶ When President Ferdinand Marcos Jr. visited the White House in August 2025, Trump emphasized his positive relationship with China and signaled minimal US concern over intensified Chinese activities in the region.²⁷

Trump rarely talks about Taiwan in his second term. When he does, it is mostly to rehash grievances about Taiwan’s underpaying for its defense and ‘ripping off’ America’s semiconductor sector. Treasury Secretary Scott Bessent highlighted US vulnerability, warning that the concentration of chip production in Taiwan posed ‘the single largest point of risk to the world economy’.²⁸ Trump downplayed strategic and ideological dimensions and consistently refused to clarify whether the United States would defend Taiwan militarily. John Bolton revealed Trump’s mindset when he recalled that Trump pointed to the tip of one of his Sharpies and said, ‘This is Taiwan’, then pointed to the Resolute desk [in the Oval Office] and said, ‘This is China’. It was not just the discrepancy in size that bothered him. ‘Taiwan is like two feet from China. We are 8000 miles away. If they invade, there isn’t a fucking thing we can do about it’.²⁹ Reflecting Trump’s mindset, Under Secretary of Defense for Policy, Elbridge Colby, said that Taiwan was ‘not an existential interest’ for the US.³⁰

Viewing the island primarily as a bargaining chip in economic negotiations with Beijing, the Trump administration canceled planned transit stops by President Lai Ching-te in New York and Dallas and a planned visit by Taiwan’s defense minister to avoid jeopardizing sensitive negotiations with Beijing. Trump imposed 20% tariffs on Taiwan—higher than those levied on Japan and South Korea—signaling his low prioritization of Taiwan’s strategic value. Public perception in Taiwan shifted accordingly: surveys showed declining confidence in US reliability under Trump, even as opposition to unification remained strong.

Predictably, China hawks in Washington reacted with alarm. Headlines described Trump as overly conciliatory, a ‘China dove’, or even Beijing’s ‘useful idiot’. The biggest winner of many of his actions has been China’. Critics argued that ‘Such a change could upend years of growing bipartisan hostility towards China that accelerated during Trump’s first term’.³¹

²⁶Jonathan A. Czin and Allie Matthias, ‘Beijing bolsters its position in the Indo-Pacific with little US pushback’, *Brookings Institution*, July 29, 2025, <https://www.brookings.edu/articles/beijing-bolsters-its-position-in-the-indo-pacific-with-little-us-pushback/>.

²⁷Kristina Maralit, ‘Trump tells Marcos: “It’s okay to deal with China”’, *The Manila Times*, August 1, 2025, <https://www.manilatimes.net/2025/07/23/news/trump-tells-marcos-its-okay-to-deal-with-china/2154212>.

²⁸Tsai Huang-ming, ‘Chip Risks Rooted in Taiwan? U.S. Strategic Anxiety and Double Standards’, Fair Winds Foundation, October 6, 2025, <https://fairwindsfoundation.org/en/event/Taiwan-Weekly/8/Chip-Risks-Rooted-in-Taiwan%EF%BC%9F-U.S.-Strategic-Anxiety-and-Double-Standards/1193>.

²⁹Niall Ferguson, ‘How to Win the New Cold War, To Compete with China, Trump Should Learn from Reagan’, *Foreign Affairs*, January/February 2025, <https://www.foreignaffairs.com/united-states/win-new-cold-war-china-trump-niall-ferguson>.

³⁰Alexander Bolton, ‘Trump’s pick for key Pentagon role faces Senate GOP skeptics’, *The Hill*, March 4, 2025, <https://thehill.com/homenews/senate/5176261-trump-pentagon-pick-skepticism/>.

³¹Noah Berman, ‘China Hawks Stop Squawking’, *Wire China*, February 25, 2025, <https://www.thewirechina.com/2025/02/25/china-hawks-stop-squawking-trump/>.

Trump is Not an Orthodox China Hawk

The rise of the new Cold War during Trump's first term can be partly attributed to Beijing's misreading of shifts in the balance of power and its increasingly assertive behavior, which prompted a strong US response. But the unwinding of this new Cold War in Trump's second term did not result from any perceived structural change. Instead, it reflected Trump's personal outlook, the recalibration of his policy priorities after reshaping the Republican Party into a loyalist base and staffing his administration with committed loyalists. Trump sidelined the China hawks who had influenced policy during his first term and empowered officials aligned with the America First agenda—figures willing to subordinate ideological and geopolitical strategy to Trump's domestic priorities.

Trump has never been an orthodox China hawk concerned primarily with ideology or geopolitical rivalry. His worldview as a businessman-turned-politician diverged sharply from that of the Washington foreign policy establishment. During his first term, Trump was surrounded by influential China hawks—including Senior Director for Asia Matt Pottinger, Secretary of State Mike Pompeo, USTR Robert Lighthizer, National Security Advisor John Bolton, UN Ambassador Nikki Haley, and Assistant Secretary of State David Stilwell. These officials drove an aggressive approach to China and helped shape the narrative of a new Cold War.

By the time Trump returned to office, the political landscape had changed dramatically. He had fully consolidated control over the Republican Party, which now dominated both chambers of Congress. In this environment, internal Republican competition became less about policy debates and more about demonstrating loyalty to Trump's MAGA agenda. Looking back, Trump believed the biggest mistake during his first term was many personnel choices and sought to avoid appointing officials who might challenge or constrain him.³² Determined to prevent a repeat of what he viewed as internal sabotage, Trump filled his second-term administration with loyalists deeply committed to executing his priorities. He declined to reappoint the China hawks of his first term,³³ even as he elevated figures such as Vice President J.D. Vance and Secretary of State Marco Rubio, both of whom held traditional Republican views on countering China's growing influence but chose to suppress those views to support Trump's agenda.

Reinforcing his domestic priorities, Trump reorganized the National Security Council in May 2025, firing more than 100 staff members—including China specialists David Feith and Alex Wong. This purge weakened institutional expertise on China and reduced the coherence and urgency of China policy.³⁴ With US strategic attention diverted to the wars in the Middle East and Ukraine, China became a secondary priority. Trump thus pursued a pragmatic, trade-centered approach focused on achieving deals rather than managing ideological or geopolitical competition.

Without moral qualms about working with authoritarian leaders, his increasing appeal to bigotry and his obvious disdain for the rule of law and democratic norms gave him a sanguine outlook on China as a potential counterpart on the other side of the negotiating table. Never calling for regime change in China but calling the Chinese leader his friend, he treats the Chinese leader not as an evil rival but as a peer and fellow strongman who consolidates power and plays hardball on the global stage to defend China's national interests. In many ways, Trump is more interested in making the US like China than in making China like the US.³⁵

³²Matthew Lee, Aamer Madhani and Jill Colvin, 'Loyalty tests and MAGA checks: Inside the Trump White House's intense screening of job-seekers', *Associated Press*, January 25, 2025, <https://apnews.com/article/trump-loyalty-white-house-maga-vetting-jobs-768fa5cbcf175652655c86203222f47c>.

³³Secretary of Defense Rock, 'The Rise and the Fall of the GOP China Hawks, Is This Where They Were Always Going to End Up?' *History Does You*, September 17, 2026=5, https://secretaryofdefenserock.substack.com/p/the-rise-and-the-fall-of-the-gop?utm_source=share&utm_medium=android&r=1cc1c&triedRedirect=true.

³⁴Ana Swanson and Tripp Mickle, 'As Trump Courts a More Assertive Beijing, China Hawks Are Losing Out', *New York Times*, July 20, 2025, <https://www.nytimes.com/2025/07/20/us/politics/trump-china-technology.html>.

³⁵Raiy Agrawal, 'How Countries and Companies Are Planning for Trump', *Foreign Policy*, November 19, 2024, <https://foreignpolicy.com/2024/11/19/bremmer-geopolitical-risk-trump/>.

Working with China across geopolitical and ideological dividing lines, Trump returned to the image of a pragmatic dealmaker, an image that Beijing has long sought from Trump. Compared to his rhetorical spontaneity on most other issues, Trump has been remarkably consistent in expressing admiration for Xi's iron grip on the country and regularly projecting confidence in his ability to reach deals with the Chinese leader whom he consistently described as strong, decisive, and effective. His growing attraction to strongman leaders—combined with his disdain for liberal norms and institutions—inclined him to view the Chinese leader as a peer rather than an ideological opponent. Trump admired Xi's consolidation of power and perceived decisiveness, often praising his leadership style and expressing confidence in their ability to negotiate. While many Republicans campaigned on anti-China rhetoric, Trump frequently stated that he respected Xi and hoped China would succeed.

His personal affinity is manifested in Trump's public messaging. In January 2025, after speaking with Xi, Trump posted on Truth Social that they would 'solve many problems together'. On the eve of another conversation with Xi in June, he wrote: 'I like President XI of China, always have, and always will. But he is very tough, and extremely hard to make a deal with!' Trump's evolving personal attitudes toward the Chinese leader helped shape his China policy shift.

Although some Republicans warned that Trump's pursuit of 'America First' was increasingly running through Beijing, Trump felt politically secure. His reputation for toughness on China—particularly on trade—protected him from accusations of weakness. His willingness to tolerate friction in the trade relationship bolstered his confidence that he could negotiate from a position of strength without appearing conciliatory.³⁶

A Course Correction and China's Authoritarian Resilience

The fall of the new Cold War reflects a broader course correction in US foreign policy, including policy toward China. After World War II, the United States possessed unprecedented economic and military power and assumed global responsibilities that far exceeded those of a 'normal' nation-state. It forged alliances, defended distant countries, and promoted democracy worldwide.³⁷ But as America's relative power declined—falling to roughly a quarter of global GDP in the twenty-first century—the conditions underpinning its exceptionalism diminished. The US has become a normal power.³⁸ Domestic fatigue with global leadership grew accordingly.

This shift created fertile ground for Trump's America First agenda, which promised to curtail US global commitments. His re-election in 2024 coincided with a growing public desire to focus inward. A *New York Times* poll at the time of his second inauguration found that 60% of Americans wanted the United States to reduce its involvement overseas and prioritize domestic concerns. A Chicago Council survey similarly reported that only 17% believed America had a responsibility to take a leading role in world affairs.³⁹ As one scholar observed, the traditional postwar foreign policy ethos—the idea of the United States as global police—lay in ruins, with both MAGA Republicans and progressive Democrats supporting retrenchment.⁴⁰

Returning the United States to the role of a 'normal country', President Trump embraced a foreign policy defined by narrowly construed national interests. Secretary of State Marco Rubio encapsulated

³⁶Ryan Hass, 'Why should America negotiate with China', *Brookings Institution*, June 4, 2025, <https://www.brookings.edu/articles/why-should-america-negotiate-with-china>.

³⁷Hal Brands, 'An "America First" World: What Trump's Return Might Mean for Global Order', *Foreign Affairs*, May 27, 2024.

³⁸Charles Kupchan, 'The Deep Roots of Trump's Isolationism', *Foreign Affairs*, September 9, 2024, <https://www.foreignaffairs.com/united-states/deep-roots-trump-isolationism-america-first>.

³⁹Alexandra Chinchilla, Paul Poast, and Dan Reiter, 'Would Americans Go to War Against China? How a Divided Public Thinks About Conflict', *Foreign Affairs*, March 20, 2025, <https://www.foreignaffairs.com/united-states/would-americans-go-war-against-china>.

⁴⁰Michael Hirsh, 'Why Everyone in Washington Is a "Realist" Now', *Foreign Policy*, August 8, 2025, <https://foreignpolicy.com/2025/08/08/washington-realists-united-states-dominant-power/>.

this shift when he said that under Trump, the United States would behave like other nations—acting in its own interest rather than in service of the ‘global order’.⁴¹

Trump’s shifting approach to China must be viewed in this broader context. His recalibration exposed the longstanding failure of US policy to transform China’s political system. For decades, American policymakers assumed that economic integration would gradually liberalize China. Yet the CCP never embraced this trajectory. China followed a path of authoritarian modernization rooted in its own history, political traditions, and state-building imperatives and lifted China from abject poverty to the world’s second-largest economy, demonstrating US’s underestimation of China’s authoritarian resilience.

China’s authoritarian resilience has deep historical foundations. For centuries, political authority in China was centralized within a powerful imperial system. The collapse of the Qing Dynasty and the subsequent fragmentation of the Republican era created what Lucian Pye famously termed an ‘authority crisis’. The resulting chaos fueled demands for a strong state.⁴² The CCP’s victory in 1949 fulfilled that demand, establishing a highly centralized Leninist system that penetrated society and eliminated autonomous power centers.

Although Deng Xiaoping later decentralized political authority through collective leadership and institutionalized governance, resulting in a fragmented authoritarianism, this system produced its own problems: nepotism and patron-client ties, rampant corruption, factional competition, and bureaucratic fragmentation.⁴³ By the time Xi Jinping took power, elite discourse framed his predecessors as too weak, too divided, and too constrained to address the systemic risks facing the party-state. Xi’s consolidation of power responded directly to these concerns. With elite support, he dismantled factional networks, installed loyalists, and reassured centralized control.

His administration expanded the coercive and surveillance apparatuses, cracked down on dissent, tightened censorship, and strengthened ideological indoctrination. The state deployed a pervasive propaganda system that emphasized social stability, national rejuvenation, and the failures of Western democracies, fostering an environment in which the CCP’s vision of order appeared both legitimate and necessary and bred the Chinese people an automatic, intuitive, and unspoken trust in the state. This implicit trust is modestly affected by contemporaneous judgments of China, their life circumstances, and social desirability.⁴⁴

This combination of effective propaganda, improved living standards, and longstanding cultural respect for hierarchy has contributed to authoritarian resilience. Despite periodic predictions of collapse, the regime has demonstrated remarkable durability. Given the CCP’s vise-like grip on the Chinese people and society, the CCP regime has survived the collapse of communist regimes in other parts of the world, withstood strong popular discontent and economic turbulence, and successfully suppressed all anti-government and pro-democracy demonstrations. Holding untrammeled power for over seventy years, the PRC has become one of the most durable authoritarian regimes in the world.⁴⁵

The failures of US engagement and the limited effectiveness of the new Cold War highlight a fundamental reality: the CCP’s political trajectory is determined primarily by domestic forces, not external pressure. Even if China’s authoritarianism is not permanent, the United States has little

⁴¹Brantly Womack, ‘Rubio’s revolutionary downsizing of America’s global role’. *The Hill*, February 20, 2025, <https://thehill.com/opinion/international/5153362-rubios-revolutionary-downsizing-of-americas-global-role/>.

⁴²Lucian Pye, *The Spirit of Chinese Politics: A Psychocultural Study of the Authority Crisis in Political Development* (Cambridge, MA: MIT Press, 1968), 55.

⁴³Cheng Li, ‘The End of the CCP’s Resilient Authoritarianism? A Tripartite Assessment of Shifting Power in China’, *China Quarterly*, vol. 211, 2012, <https://www.cambridge.org/core/journals/china-quarterly/article/abs/end-of-the-ccps-resilient-authoritarianism-a-tripartite-assessment-of-shifting-power-in-china/FFF9FFE49772D9FF702150AF9CA7799E>.

⁴⁴Haifeng Huang, Chanita Intawan, and Stephen P. Nicholson, ‘In Government We Trust: Implicit Political Trust and Regime Support in China’ 21(4) Perspectives on Politics, 1357 – 1375.

⁴⁵Lucian Ahmad Way, ‘Don’t Count the Dictators Out: The Underappreciated Resilience of Today’s Autocracies’, *Foreign Affairs*, July/August 2023, <https://www.foreignaffairs.com/china/putin-xi-khamenei-dictators-way>.

capacity to accelerate its demise. Working with China 'as it is' does not constitute appeasement; rather, it reflects a sober recognition of the limits of American influence.

The Inflation of the China Threat and Overreaction

Trump's course correction also applies to the inflation of the China threat. America has long suffered from a Superpower syndrome: a periodic dread that its way of life could be upended by outside force. Yesterday's menace was Japan; today's is China. Instead of sober assessment, Washington has often reacted with anxiety, leading to paranoia and hysteria rather than a rational and sober assessment of the China threat based on self-confidence and nuance. As one scholar put it, 'America's collective national body is suffering from a chronic case of China anxiety', in which nearly anything bearing the label 'Chinese' sets off a reflexive alarm.⁴⁶ Books like Senator Tom Cotton's *Seven Things You Can't Say About China* paint Beijing as an all-encompassing, malevolent force—an omnipresent threat infiltrating American society and even 'coming for American kids'.

Yet China is nowhere close to dislodging US global primacy. Washington commands alliances and partnerships in more than sixty countries; Beijing's network is sparse and distrustful. The so-called anti-hegemonic bloc of China, Russia, Iran, and North Korea amounts to only a fifth of global GDP and lacks the trust needed for coherent action.⁴⁷ What Beijing realistically seeks is not hegemonic supremacy but a larger voice in an increasingly multipolar world. The US–China competition is more about power-sharing in Asia and beyond than about replacing the US's global dominance.

China's ambitions revolve far more around regime security and border disputes than ideological expansion. Its authoritarian system is not a missionary creed, nor does it offer a universalist alternative to liberal democracy. Beijing's influence campaigns are aimed primarily at legitimizing, rather than exporting, its own system. China fears the appeal of US democratic values far more than Washington fears the spread of Chinese authoritarianism. Where the United States promotes the virtues of press freedom and pluralism, Beijing builds firewalls.⁴⁸ Beijing is more concerned about whether other countries accept the One China Principle than if they adopt its authoritarian system.

History shows what happens when threat inflation becomes national dogma. In Vietnam, Washington chased the 'domino theory' into a quagmire. In Iraq, it chased phantom WMDs into catastrophe. Today's China panic risks similar mistakes.

In academia and civil society, fear-driven policies have choked the very people-to-people ties that once stabilized the relationship. Laws in Florida and Texas restricting Chinese students and travel to China cut off avenues for cooperation and mutual understanding.

Threat inflation leads to overreaction, which has also spilled into discrimination: the 2018 China Initiative became a modern-day witch hunt, wrongfully targeting Chinese American scientists and undermining US scientific leadership. For decades, America benefited from a flood of Chinese scientific talent. Ninety percent of Chinese nationals earning STEM PhDs in the United States between 2000 and 2015 stayed. By 2023, retention rates remained the highest among all foreign student groups.⁴⁹ Seven of the eleven 'super-intellectuals' Mark Zuckerberg recruited to his elite team at Meta—each of whom was offered signing bonus exceeding \$100 million—were born in China. Yet while most China-born scientists intended to stay in the US, rising hostility has driven many away. Studies

⁴⁶Rory Truex, 'Let's All Take a Deep Breath About China', *New York Times*, May 6, 2024 https://www.nytimes.com/2024/05/06/opinion/china-anxiety-us-policy.html?unlock_code=1.p00.7Y3m-akIECq6JH70&smid=url-share.

⁴⁷Suisheng Zhao, 'Empowerment versus Entrapment: Beijing's International Anti-Hegemonic United Front Strategy amid Russia's Invasion of Ukraine' [2025] 34(156) *Journal of Contemporary China*, <https://www.tandfonline.com/doi/full/10.1080/10670564.2025.2464423>.

⁴⁸Suisheng Zhao, 'Rhetoric and Reality of China's Global Leadership in the Context of COVID-19: Implications for the US-led World Order and Liberal Globalization', (2021) 30(128) *Journal of Contemporary China*, 245–247.

⁴⁹National Center for Sciences and Engineering Statistics, NSF 25–325, 'Most U.S.-Trained Science and Engineering Doctorate Recipients on Temporary Visas Remain in the United States', February 24, 2025, <https://ncses.nsf.gov/pubs/nsf25325>.

showed a surge of US-trained Chinese scientists returning to China after 2018, because they felt suspect in their adopted country.⁵⁰

Long suffering from a brain drain of scientific and technical talent, Beijing has capitalized on this exodus, using high salaries, generous grants, and—ironically—the ‘tumor of racism’ abroad to lure back talent. The government-run National Natural Science Foundation of China launched a program in 2021, targeting scientists based outside China and requiring their full-time return. It added a new round of the Excellent Young Scientists Fund (Overseas) in July 2025, in addition to regular early months of the year, following the Trump administration’s slashing of federal funding for science and technology research. Nvidia CEO Jensen Huang, therefore, warned, pushing out ‘the brightest Chinese minds’ is an act not of patriotism but of self-harm.⁵¹ While some Americans wear the label of ‘China hawks’ as a ‘badge of honor’, in his view, it is a ‘badge of shame’, and their actions are not ‘patriotic’.⁵²

Beijing Can Negotiate if the Issues are Trade-Centered

Trump’s course correction cleared the intractable geopolitical and ideological roadblocks and opened a narrow window for pragmatic negotiation. Beijing can negotiate on tough trade demands but cannot compromise on regime security or sovereignty. As one Chinese scholar suggested, ‘If the United States truly evolves in the direction Trump is pushing, China and the U.S. may not plunge into the abyss of a “new Cold War” as rapidly as during the Trump I and Biden eras. Instead, new opportunities for coordination and cooperation could emerge at both bilateral and global levels’.⁵³

After Trump launched the 2018 trade war, Beijing responded with a two-pronged approach: seek cooperation where possible and simultaneously harden its economy for confrontation. The trade war caught Beijing off guard and dealt a blow to the already slowing economy, a rude awakening that China still relied on the US for its economic growth. China’s GDP growth moderated from 10% in 2010 to about 6% in 2018, and zero-COVID poured salt on the wound. The livelihood of many people, particularly the youth, suffered. Public frustration erupted in the White Paper Movement. Emigration skyrocketed: more than 310,000 Chinese citizens left the country in both 2022 and 2023, an increase from the earlier average of around 191,000 per year during the decade through 2019.⁵⁴

Chinese had historically taken legal routes, obtained immigration visas, or enrolled at US universities. These options were no longer available for a growing number of Chinese people. Studying abroad was expensive. Visas were difficult to obtain. Many became illegal immigrants, including middle-class people who once lived comfortably and propertied Chinese who had made bundles off their fortune earlier. They were just prisoners like the rest of Chinese subjects when COVID hit, bereft of even the right to step out the door of their luxury condos. The US arrested more than 37,000 Chinese nationals on the southern border in 2023, 10 times the total in 2022 and more than double that of the entire previous decade. Many paid tens of thousands of dollars and took a physically grueling route through the Darién Gap stretching across Colombia and Panama to the US-Mexican border. US border patrol agents encountered Chinese migrant families 6645 times during the fiscal year from October 2022 to September 2023 and 7081 times from October 2023 to May 2024,

⁵⁰Reverse Brain Drain? Exploring Trends among Chinese Scientists in the U.S., Stanford Center on China’s Economy and Institutions, July 15, 2024, <https://sccei.fsi.stanford.edu/china-briefs/reverse-brain-drain-exploring-trends-among-chinese-scientists-us>.

⁵¹Ji Siqi, ‘Chinese Brain Drains “Great Loss” for US, Nvidia CEO Jensen Huang says’, *South China Morning Post*, July 16, 2025, <https://www.scmp.com/economy/china-economy/article/3318364/chinese-brain-drain-great-loss-us-says-nvidia-ceo-jensen-huang>.

⁵²‘NVIDIA CEO Jensen Huang says US “China hawks” label is a “badge of shame”, not patriotic’, *Global Times*, September 29, 2025, <https://www.globaltimes.cn/page/202509/1344743.shtml>.

⁵³刁大明 (Diao Daming) ‘把塑造中美关系和国际秩序的“剧本”掌握在我们自己手中’, (Beijing should be more active to steer China-U.S. engagement), *世界知识 (World Affairs)*, no. 1899, August 16, 2025, 25.

⁵⁴Gish Jen, ‘This Isn’t the China I Remember’, *New York Times*, April 29, 2024, https://www.nytimes.com/2024/04/29/opinion/shanghai-china-covid-economy.html?unlocked_article_code=1.qE0.h-2R.G4B2RNHQ8Zn&smid=url-share.

compared to 1151 encounters in the fiscal year 2022. The surge of Chinese illegal immigrants paints a dim picture of their desperation back home.⁵⁵

Facing headwinds, President Xi recalibrated to stabilize the Sino-US relationship. He muted wolf-warrior rhetoric,⁵⁶ reopened military dialogues, resumed antifentanyl cooperation, returned pandas, and invited 50,000 young Americans to China. Xi even stated that 'China is willing to be a partner and friend with the United States'.⁵⁷

In the meantime, China has nurtured a large talent pool, provided ample funding, promoted a maturing data environment, and built computing infrastructure to fortify its resilience, closing the gap with the US. Believing that the emerging high-tech sectors will ultimately replace both lost export markets and crumbling property sectors as a new engine of growth, Beijing has been driven to achieve technoinustrial self-reliance. Trump's trade war motivated Beijing to advance its long-term strategic resilience, accelerating China's technology growth. From LLM developers like DeepSeek to breakthroughs in EVs, batteries, drones, and nuclear technology, China proved it could innovate rather than merely imitate.⁵⁸

China has also diversified its trade away from the United States, expanding relations with Europe, ASEAN, Japan, and Africa. Presenting itself as a reliable and steady economic partner with deep, well-functioning supply chains and a defender of free trade against Trump's protectionism, China is the top trading partner for more than 120 countries, ahead of the US. Reducing American exports as a share from about 20% to below 15% of total exports, while China's trade with the US tumbled 15.6% in the first nine months of 2025, its overall foreign trade expanded by 4%. China's trade with the EU increased 4.3%, with ASEAN countries 8.6%, with Japan 5.0%, and with African countries 18.4%.⁵⁹

China was economically more independent and strategically better situated to negotiate with the US when Trump ratcheted tariffs on Chinese imports to 145% on 2 April 2025. China retaliated immediately with 125% tariffs—surprising Washington with its willingness to absorb pain. China's asymmetric trade relationship with the US gave it market power. With control over 90% of the world's rare earths, critical in the semiconductor, automobile, and numerous defense systems, and dominance in critical imports like smartphones, laptops, and lithium batteries, items so important that Trump exempted smartphones and laptops from high tariffs on 11 April 2025, Beijing wielded real leverage. Soybeans became another pressure point. China is the top overseas market for American soybeans, importing a third of US soybean products and approximately \$12 billion worth.

Weaponizing its exports, Beijing exerted export control over rare-earth minerals to the US. The disruption left US manufacturers scrambling and overpaying for materials. Demonstrating a readiness to retaliate swiftly and surgically, the Chinese government discovered a powerful tool for inflicting pain on American businesses.⁶⁰ China also froze purchases of US soybeans in May 2025 and diversified imports from Brazil and Argentina, using the RMB rather than the US dollar for settlement. American Soybean farmers paid a huge price. Many of them were pushed nearly to the breaking point and urged Trump to reach a deal with China as soon as possible, hammering Trump's rural political base.⁶¹ The strategy worked. Trump, known by the acronym TACO (Trump Always Chickens Out), which describes a rational strategy for dealing with an opponent who has a strong

⁵⁵ Marrian Zhou, 'Why so many middle-class Chinese migrants take risky, illegal route to U.S.', *Nikkei Asia*, May 22, 2024, <https://asia.nikkei.com/spotlight/podcast/podcast-news-roundup/why-are-so-many-chinese-migrants-risking-the-illegal-route-to-the-u-s>.

⁵⁶ Tyler Jost, 'Have China's Wolf Warriors Gone Extinct?' *Foreign Affairs*, June 27, 2024, <https://www.foreignaffairs.com/china/have-chinas-wolf-warriors-gone-extinct>.

⁵⁷ Xi sends congratulations to Gala Dinner of National Committee on U.S.-China Relations', *Xinhua*, October 16, 2024, <https://english.news.cn/20241016/4dc27a9cd6ca4864a46ca9e30a2f3d8/c.html>.

⁵⁸ Kurt M. Campbell and Rush Doshi, 'Underestimating China, Why America Needs a New Strategy of Allied Scale to Offset Beijing's Enduring Advantage', *Foreign Affairs*, May/June 2025, <https://www.foreignaffairs.com/china/underestimating-china>.

⁵⁹ 欧阳洁 (Ou Yangjie), '前三季度外贸增速何以逐季加快' (Why did foreign trade growth accelerate quarter by quarter in the first three quarters?) 人民日报 (People's Daily), October 14, 2025, 3.

⁶⁰ Zongyuan Zoe Liu, 'China Is Winning Trump's Trade War', *Project Syndicate*, July 14, 2025, <https://www.project-syndicate.org/commentary/china-winning-trump-trade-war-by-developing-advanced-technology-by-zongyuan-zoe-liu-2025-07>.

⁶¹ Faith Farum, 'Agricultural Trade: China Steps Back from U.S. Soybeans', *American Farm Bureau Federation Market Intel*, October 2, 2025, <https://www.fb.org/market-intel/agricultural-trade-china-steps-back-from-u-s-soybeans>.

hand, backed off. As the headlines in the US became 'Trump's Greatest Miscalculation' and 'China is better equipped to confront Trump',⁶² Trump sought an offramp to de-escalate tensions and initiated negotiations to mitigate the damaging effects of the tariff escalation, showing that China's retaliation boosted its economic resilience.

The representatives of the two countries met and agreed to cut US tariffs on Chinese goods to 30% and Chinese tariffs on US goods to 10%. In exchange for Beijing lifting the ban on rare-earth exports, Trump approved the sale of Nvidia's H20 chips, which the Trump administration had banned exports to China in March 2025. H20 is a redesigned A100 chip that falls just below the prohibited threshold while maintaining most of its performance characteristics for the Chinese market. Nvidia disclosed a \$5.5 billion hit after the export ban, prompting CEO Jensen Huang to lobby Trump to restart chip sales as the restrictions strengthened Chinese competitors like Huawei.⁶³

A framework for TikTok's transfer to US ownership emerged as well. The US Congress passed a law in 2024 requiring the divestiture of TikTok ownership by 19 January 2025, due to fears that the Chinese government could access the data of 170 million American users. However, TikTok's Chinese parent company, ByteDance, refused to sell the hugely popular video app. The Chinese government also required approval of licensed intellectual property rights, including algorithms, in the restricted list of technologies. The Trump administration repeatedly extended the deadlines while trying to reach a deal with Beijing and avoid a shutdown, which could anger the app's millions of users and disrupt political communications. The framework agreement was a breakthrough.

The choking of critical minerals and soybeans shows that China is just as capable of economic warfare as the US, offering Beijing more latitude in trade negotiations and a strategic mindset to extract all the advantages and drive a hard bargain. Trump's tariff war tested not only China's economy but also its strategic foresight. A combination of firm resistance and targeted retaliation showed China's refusal to be bullied while keeping the door open. By refusing to back down, China made Trump flinch—a shift that even the Chinese delegation to the Geneva trade talks in May found surprising, as they were reportedly caught off guard when the US agreed to reduce its tariffs dramatically.⁶⁴

A Tactical Truce Through Negotiated Compromises

These negotiations paved the way for a planned Trump-Xi summit at the end of October, although the path toward the summit remained rocky. After US Commerce Secretary Howard Lutnick claimed that the aim of resuming the sale of H20 was to make China 'addicted' to US tech, Beijing's regulatory bodies, including the Cyberspace Administration, the National Development and Reform Commission, and the Ministry of Industry and Information Technology, instructed Chinese tech institutions to stop buying H20 chips for the security risks and the possible dependence on the imports to weakening indigenous chips development. Jensen Huang was dismayed by the loss of one of the world's largest markets, as Nvidia's market share in China went from 95% to 0% overnight.⁶⁵

⁶²Jens Mühlung, 'Trump's Greatest Miscalculation? China Had Been Preparing For a Trade War for Years', *World Crunch*, April 19, 2025, <https://worldcrunch.com/business-finance/trump-miscalculation-china-trade-war/>; Sébastien SEIBT, 'Trade war: Is China better equipped to confront Trump than in 2018?' *France 24*, April 9, 2025, <https://www.france24.com/en/business/20250409-trade-war-is-china-better-equipped-to-confront-trump-than-in-2018>.

⁶³Joseph Zeballos-Roig, 'These business leaders praise Trump. Their corporate filings sing a different tune', *MSNBC*, July 28, 2025, <https://www.msnbc.com/opinion/msnbc-opinion/nvidia-jensen-huang-trump-sec-filings-rcna221132>.

⁶⁴Ningrong Liu, 'China's counterattacks are giving Trump a taste of his own medicine', *South China Morning Post*, October 14, 2025, <https://www.scmp.com/opinion/china-opinion/article/3328816/chinas-counter-attacks-are-giving-trump-taste-his-own-medicine>.

⁶⁵Jason Ma, "Jensen Huang says Nvidia went from 95% market share in China to 0%, 'I can't imagine any policymaker thinking that that's a good idea', *Fortune*, October 19, 2025, <https://fortune.com/2025/10/19/jensen-huang-nvidia-china-market-share-ai-chips-trump-trade-war/>.

Then, on 9 October, weeks before the anticipated summit, China's Ministry of Commerce announced new regulations and escalated rare earth rules, extending jurisdiction across global supply chains, effective 1 December 2025. Instead of simply controlling the export of rare earths from China—the move it made in April—new regulations require foreign companies to obtain export licenses for products containing even 0.1% Chinese-origin rare earth materials. New rules also require denials of buyers tied to foreign militaries. On the same day, Beijing also announced that it would start charging US ships docking at Chinese ports from 14 October, the same effective day as a new US port fee on Chinese-built or operated vessels arriving at US ports announced in April 2025, sending a clear message that US actions had consequences, ensuring the US could not impose pain without feeling it too.

Beijing's explanation for the new regulation was merely a tit-for-tat response to the latest US move to place multiple Chinese entities on its export control list and the same 'long-arm jurisdiction' controls that the US uses to target China. President Trump, however, depicted this move as coming out of the blue, driven by a desire to gain greater leverage ahead of the summit. What made Trump even more furious was that the announcement came on the same day Trump announced a long-awaited peace deal between Hamas and Israel to end the fighting in Gaza. President Trump threatened new tariffs of 100% on imports from China, effective on 1 November, and said he might call off the planned meeting with Xi. US stocks plunged, showing that a worsening trade war could have dire consequences for the US economy. After intense behind-the-scenes diplomacy, Treasury Secretary Scott Bessent said China's new export controls might have come from a 'lower-level official', not from Xi.⁶⁶ The two sides de-escalated and confirmed the upcoming summit.

On 30 October, the summit took place in Busan, South Korea. The leaders reached a one-year pause in the trade war through mutual compromises. Trump backed down from his additional 100% tariffs and agreed to reduce the 20% fentanyl-related tariffs to 10%, bringing total US duties on most Chinese goods from 57% to 47%. In exchange, Xi agreed to suspend the rare-earth export controls for at least one year, resume repurchasing American soybeans, and begin purchasing US liquefied natural gas, particularly from Alaska. Additionally, Trump confirmed that he planned to visit China next April, and Xi would visit the US thereafter. Both sides suspended the port fees imposed on each other. Notably, the US did not push China to end the purchase of Russian oil, a demand Trump had long made of Beijing. There was no mention of Taiwan in the PRC readout or Trump's Truth Social post about the meeting.

The summit went as well as the two presidents could have hoped. They came away with what they could describe as a win by avoiding the trade spat from getting worse. Celebrating the summit as 'a 12 out of 10', Trump hailed it as 'amazing' and 'truly great', touted breakthroughs on soybeans, energy, rare earths, and fentanyl, and called the relationship as the 'G-2', which signaled Trump's recognition of China's global influence and his acknowledgment of the equal position of China and the US. Beijing framed it a success of 'heads of state diplomacy' (首脑外交). "The two presidents, acting as helmsmen, ensured the stable sailing of the great ship of China-US relations, promoting the overall stable and positive development".⁶⁷

Critics in the US argued Beijing gained more, leveraging rare earths and soybeans to wring concessions from Trump. The deal revealed that 'the United States is more dependent on Chinese goodwill than vice versa'.⁶⁸ The US suspension of the port fees was not reciprocal, since U.S.-flagged cargo ships barely ply the seas and don't much unload in

⁶⁶ Joey Garrison, 'Trump's meeting with Xi appears back on as tone with China softens after tariff threat', *USA Today*, October 13, 2025, <https://www.usatoday.com/story/news/politics/2025/10/13/trump-meeting-xi-china-tariffs/86672514007/>.

⁶⁷ 钟声 (zhongsheng), "中美应共同维护好二战胜利成果 (China and the United States should work together to safeguard the achievements of the victory in World War II)", *People's Daily*, November 27, 2025, p. 2.

⁶⁸ James Palmer, 'Trump and Xi Step Back from the Brink—for Now, The United States and China have struck a vague and reversible deal', *Foreign Policy*, October 30, 2025, <https://foreignpolicy.com/2025/10/30/trump-xi-meeting-summit-trade-truce-us-china/>.

Chinese ports.⁶⁹ Trump's use of the G2 concept was 'to the delight of reputation-conscious Beijing but to the worries of U.S. allies concerned with China's ascending global power'.⁷⁰ The problems Trump partially solved were those he had created when he launched the trade war eight months ago. Neither export controls on rare earth minerals nor restrictions on soybean imports were on the table before Trump's trade provocations.⁷¹

Not everyone agreed that China had stolen a march on Trump. For one American observer, the summit was a surprising success, sending the signal of hope for the future: these two great powers can meet, talk, and respectfully manage their interactions. This was the most important guardrail against a downward spiral. Given the heated, almost messianic rhetoric in Washington about China over the past decade or so, it was a recognition that the world's two largest powers could still negotiate rather than careen toward conflict.⁷² Another American analyst claimed that the meeting signaled the beginning of a new phase in US–China relations through the five stages of grief—traditionally framed as denial, anger, bargaining, depression, and acceptance. "After passing through the first two, Washington hits the third".⁷³

Indeed, skirting the more fundamental structural issues plaguing the relationship, the trade negotiations advanced strategic stability, which is of central importance to the economic interests and political priorities of both the US and China. It confirmed the new direction of Trump's China policy and forsake the strategic direction of his first term.

Fragile Strategic Stability

Strategic stability, however, remains brittle. Although Trump reversed the hawkish China policy, this shift does not reflect a fundamental transformation in the structural sources of US–China tension. Trump sees an opportunity for trade deals; Beijing sees an opportunity for buying time. Neither sees a path toward lasting resolutions on ideological and geopolitical conflicts.

Packed with China hawks who see China as the greatest long-term adversary, the United States remains ideologically and politically fractured on China policy while China's domestic political trajectory remains authoritarian and deeply rooted in its historical state-building logic. After Trump lifted the restriction on the export of Nvidia's H20 chips, a group of China hawks, including former Trump administration officials Steve Bannon, Matt Pottinger and David Feith, signed a letter expressing outrage over 'a strategic misstep that endangers the United States' economic and military edge in artificial intelligence (AI)—an area increasingly seen as decisive in 21st-century global leadership'. Jensen Huang also faced fierce backlash from MAGA hardliners after openly criticizing China hawks. Steve Bannon labeled Huang an 'Agent of Influence for the CCP' and should 'be under arrest'. Two former secretaries of state from rival parties, Hillary Clinton and Mike Pompeo, sat on the same panel to criticize Trump for helping America's enemies. Pompeo accused Trump of abandoning the US interests in the Indo-Pacific and warned that 'The Chinese Communist Party wants to cut our heads off'. Clinton condemned the 'spheres of influence approach' for ceding control to Russia in Eastern Europe and China in East Asia, leaving America vulnerable, particularly to the Chinese Communist Party.⁷⁴

⁶⁹Rishi Iyengar, Christina Lu, and Keith Johnson, 'What Trump and Xi Did—and Didn't—Agree to', *Foreign Policy*, October 30, 2025, <https://foreignpolicy.com/2025/10/30/trump-xi-deal-soybeans-tariffs-rareearths-taiwan-trade/>.

⁷⁰Didi Tang, 'G2 or not G2: Trump's new favorite term for US–China relations carries a lot of history's baggage', *Associated Press*, November 3, 2025, <https://apnews.com/article/china-united-states-trump-xi-g2-b6a79a6b81d56fb3a29c7a66a3391636>.

⁷¹Editor's note, 'The United States and China take a step back and send a signal of hope', *East Asia Forum*, November 10, 2025, <https://eastasiaforum.org/2025/11/10/the-united-states-and-china-take-a-step-back-and-send-a-signal-of-hope/>.

⁷²Susan Thornton, 'Trump's Asia trip a surprising success', *East Asian Forum*, November 9, 2025, <https://eastasiaforum.org/2025/11/09/trumps-asia-trip-a-surprising-success/>.

⁷³Robert Manning, 'The United States Is Moving Through the Stages of Grief Over China's Rise', *Foreign Policy*, November 25, 2025, <https://foreignpolicy.com/2025/11/25/china-united-states-rise-hegemon/>.

⁷⁴Morgan Phillips, 'Clinton bashes Pentagon's America First reset as a "disaster"', *Fox News*, November 13, 2025, <https://www.foxnews.com/politics/clinton-pompeo-unite-against-pentagon-spheres-influence-say-would-help-china-russia-gain-power>.

Another epitome of the torn US–China policy was the backlash of the RAND Report released on 13 October 2025, which advocated strategic restraint because neither the US nor China can completely defeat the other, and continuing down the path of ‘full-scale confrontation’ would only drag both countries into a catastrophic war that neither could afford. The report urged the US to abandon its unrealistic illusion of ‘overthrowing the Chinese Communist Party regime’, and promote the long-term stable direction of the Taiwan Strait in some form of ‘gradual peaceful reunification’ or highly restrained status quo management. A resounding slap in the face of the China hawks, the report was quietly removed from the RAND website less than three weeks later, an illustration of the fierce divisions within the US strategic establishment.

Amid a sea of China Hawks, Trump’s voice counts because Trump’s grip on the Republican Party gives him latitude to negotiate. As Trump is motivated to pursue a deal and controls the Republican Party, he has constrained provocative measures advocated by China hawks. The Democratic Party’s landslide victory in the November 2025 off-year elections weakened his leverage, prompting some Republicans in Congress to distance themselves from Trump. If the 2026 midterms repeat the trend, Congress may break free of Trump’s moderating influence. Trump will also have less motivation to keep the hawks in check if he cannot significantly reduce the trade imbalance and ease the fear of the impact of a glut of Chinese goods on American industries, which requires addressing long-term structural issues in the Chinese economy, such as the policy of advancing less efficient state-owned companies at the expense of private firms and the transition from an investment and export-led model to a domestic consumption-driven economy.

Beijing may not want to adjust these policies just to meet Trump’s demands. Emerging from the trade negotiations, Beijing has become more confident in the strategic tools at its disposal. The trade war is more about the political willingness to endure pain than the pain itself. China’s political system has given it an advantage. Although the Chinese economy suffered a rise in unemployment and other damage, the political fallout was more muted than that of the rare earth shortage for American consumers. China’s authoritarian state tightly controls society and could better endure blowback. The trade war tested China’s economic resilience and refocused the minds of the Chinese people away from internal problems, strengthening the Party’s authority as the guardian of national interests.

Meanwhile, Beijing doubts Trump’s reliability. His strong personal style and assertive nature have dictated his policy. Trump is extremely arbitrary and unpredictable, erratic, discursive, and less than coherent, with trademark chauvinism and caustic diatribes, focusing on specific gains and losses, and emphasizing transactions and solving current problems. Trump has strongly held convictions on certain topics, such as immigration and trade, but relies on his instincts to experiment and improvise. He does not adhere to grand strategies and abides by long-term plans. Much of the dynamics of the US’s China policy moving forward depends entirely on Trump’s whims. Rarely has an American government been so hostage to the emotional state of the president.

Although Beijing likes Trump as not ideological, seeing the Chinese leader as a peer, bungling his trade war, and staring down Washington’s China hawks,⁷⁵ China’s resentment of US containment efforts in the long run persists. It is not motivated to make long-term deals that may become short-lived. With the conviction that Washington will continue to stunt China’s economic and technological development by strategically decoupling, Beijing believes China’s future growth relies more on technological innovation and independent research and development than on trade and other relations with the US. Beijing, therefore, is prepared for turbulence and a long game, including resumption of US geopolitical and ideological hostility toward China. A Chinese scholar reveals Beijing’s mindset: as strategic competition has remained the central pillar of Washington’s China policy, even the most engagement-oriented Chinese analysts no longer expect Washington to shift its strategic posture in any meaningful way. Beijing has regarded it as feasible and necessary to gradually

⁷⁵‘Beijing insiders’ plan to play Donald Trump: They see America’s president as a golden opportunity for China’, *Economist*, November 11, 2025, <https://www.economist.com/international/2025/11/11/beijing-insiders-plan-to-play-donald-trump>.

disengage with the US at the level of the national development strategy. As the US has played a diminishing role in China's long-term strategic planning, or in some cases, disappeared entirely from China's Grand Strategy, a form of psychological decoupling has emerged. Both policymakers and the public grow more accepting of a worsening relationship.⁷⁶

Additionally, Beijing cannot count on Trump's great power collusion because Trump's dream of great power spheres of influence is likely illusory. The world is too interconnected, too complex, and too contested for neat divisions reminiscent of nineteenth-century Europe. The balance of power among great powers changes constantly, demanding the redrawing of spheres of influence. There is little recognition among middle and even smaller powers that the great powers have special rights to divide the world. Trump might care little about how Russia and China managed their spheres of influence. However, European states cannot tolerate Russia's aggression against Ukraine. Many Asian countries cannot accept China's predominance in the region. Moreover, Global supply chains, climate change, and technological interdependence ignore borders. To manage great power collusion, it needs the skills of an Otto von Bismarck, the Prussian leader who found ways to manipulate the Concert of Europe. Trump, despite how he might see himself, is not Bismarck.⁷⁷ A great power collusion is hard to reach and maintain.

Conclusion

The rise and fall of the new Cold War demonstrate that the trajectory of great power rivalry is not determined solely by structural forces. The US-China great power competition has paused because leaders in both countries realized that although they cannot afford to lose the battle, they cannot win either. Accordingly, they have reset their policy priorities to reach negotiated compromises, reflecting the fact that the US-China rivalry can hardly be ended with either country's collapse in the foreseeable future. China and the US both are here to stay. The two great powers have no choice but to coexist peacefully in some form and level of reciprocal compromise and acknowledgment, due to economic interdependence, limits on both sides' leverage, and the imperative for cooperation on many vital transnational issues.

Although China's economy has slowed, it remains resilient, given its size and scale, deep infrastructure, innovation ecosystem, and massive workforce with advanced manufacturing knowledge.⁷⁸ Some observers have long predicted the regime's collapse and the economy's implosion. China remains a geopolitical and geoeconomic power, unlikely to collapse suddenly or accept a subordinate role in the international system. Whether the Chinese leadership can harness the right blend of state power and market forces and address some of China's biggest domestic problems, the CCP has historically often muddled through against the odds.⁷⁹

Similarly, while Chinese propaganda has long portrayed the US as in decline, the US possesses unrivaled geographic advantages, economic strengths, and political resilience, and has demonstrated superior continuity and a formidable ability to overcome numerous dramatic moments and crises. Threats to the American economy and democracy emanated

⁷⁶Da Wei, 'Strategic Decoupling and Its Implications for US-China Relations', *RSIS Commentary*, no. 183, September 1, 2025, <https://rsis.edu.sg/rsis-publication/rsis/strategic-decoupling-and-its-implications-for-us-china-relations/>.

⁷⁷Stacie E. Goddard, 'The Rise and Fall of Great-Power Competition: Trump's New Spheres of Influence', *Foreign Affairs*, May/June 2025, <https://www.foreignaffairs.com/united-states/rise-and-fall-great-power-competition>.

⁷⁸Dan Wang and Arthur Kroeber, 'The Real China Model: Beijing's Enduring Formula for Wealth and Power', *Foreign Affairs*, August 19, 2025, <https://www.foreignaffairs.com/china/real-china-model-wang-kroeber>.

⁷⁹Evan S. Medeiros, 'The Delusion of Peak China, America Can't Wish Away Its Toughest Challenger', *Foreign Affairs*, May/June 2024, <https://www.foreignaffairs.com/china/delusion-peak-china-united-states-evan-medeiros>.

primarily from within rather than from outside. Although authoritarian populism has entrenched under Trump, the US resilience may still prevail.

Despite the decoupling attempts, the American and Chinese economies and supply chains have become deeply entangled, making it difficult for either side to act too rashly, a kind of economic equivalent of mutual deterrence or mutually assured destruction. Trump's resetting of the US-China relationship from a posture based on the inevitability of conflict to one of negotiated trade accommodation is a more pragmatic approach than fighting a life-or-death battle between democracy and autocracy and between the incumbent and rising powers, producing signs of positive results in the Chicago Council Survey in July 2025. A majority of Americans (53%) said the United States should undertake friendly cooperation and engagement with China, up from 40% in 2024. Americans were now divided over whether the US-China trade weakens (48%) or strengthens (47%) US national security, a shift from 2024, when most Americans believed it weakened US security. American views of China rebounded to pre-pandemic levels.⁸⁰ This development, however, does not necessarily mean the US has accepted China's rise. While negotiations and concessions on both sides are welcome, there is a long way to go before the US realizes its predicament, and before China grasps the strengths and limits of its position.

Disclosure Statement

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⁸⁰Craig Kafura, 'Americans Reverse Course on US-China Competition', Chicago Council on Global Affairs, October 28, 2025, <https://globalaffairs.org/research/public-opinion-survey/americans-reverse-course-us-china-competition>.