Opinion **US foreign policy**

China’s escalation dominance over Trump

The US president has handed the initiative to Beijing in tech, energy and security

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Chinese President Xi Jinping reviews a guard of honour at the Great Hall of the People in Beijing this month. © Ludovic Marin/AFP/Getty Images

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On the grounds of never interrupting your enemy while he is making a mistake, Xi Jinping is 2025’s winner. The year’s hinge moment was Donald Trump’s cave-in to Xi in South Korea in late October. Trump’s trade war climbdown marked a new epoch. After mulling decoupling for years, talk of US-China divorce was suspended. Even so-called de-risking is now in question. Trump awarded their meeting a 12 out of 10. China took 10 of those points.

Xi has profited simply by waiting for strategic gifts to come his way. Rarely has the inverted motto, "don't just do something, stand there," been more apt. Last week, Trump added to Xi's windfall by approving Nvidia's sale of H200 chips, albeit with a 25 per cent export tariff. The logic is that Nvidia is an American champion and should dominate all markets. The reality is that Trump just handed China his biggest freebie so far. Advanced semiconductors are the one key area where China is still lagging behind the US. Trump is helping to close that gap.

His strategic purpose is hazy. With one hand, Trump is removing domestic guardrails to AI's growth with the aim of beating China to the superintelligence finishing line. With his other, however, Trump is furnishing China with the tools to keep up. The only consistent explanation for both is money. The AI boom is lining Trump's coffers. Almost all the broligarchs are on his side. Nvidia, meanwhile, has promised to pay 15 per cent of its new China revenues to the US government. How that toll is calculated and collected remains hazy.

It is futile either way to seek geopolitical logic behind Trump's China policy. The recent national security strategy abandoned reference to China and Russia as peer competitors. The document added a "Trump corollary" to the Monroe Doctrine, which does have implications for China. Trump has declared the western hemisphere off-limits to outside powers. Among China's many regional friends is Venezuela. Keeping China away from Venezuela's massive oil reserves at least partly explains Trump's military build-up in its backyard.

The rest of Trump's NSS seems designed to accelerate China's grip over the rest of the world. America's best chance of containing and shaping China's rise is to make common cause with Europe. Instead, Trump is targeting regime change. Citing "civilisational erasure", America's explicit goal is to get Trump-like parties into power in Europe. This converts the US into an ideological competitor of Europe's mostly liberal democratic governments. Trump is handing China and Russia the tools to accelerate the west's disintegration.

He is also unilaterally disarming on the global energy race. The value of China's cleantech exports in the first seven months of 2025 were double that of America's fossil fuel exports. In his "big beautiful bill", Trump phased out most US tax breaks and subsidies for alternative energy. China will thus dominate the new frontiers of energy and supply those public goods to the global south. By doubling down on fossil fuels, Trump is ceding the world's energy future to China.

Will 2026 be another year of the dragon? Trump's prize is his summit with Xi next April. Between now and then, he wants nothing to upset the new warmth in US-China relations. It is hard to overstate the switch from when he began, which is a simple tale. Trump unleashed his bazooka in April by slapping 145 per cent tariffs on China. Xi then brought out his own bazooka — export controls on rare earths. This would have brought much of US civilian and military production to a halt. Trump climbed down in October. Xi's bazooka was revealed to be bigger, at least for the next few years. Xi's modest concessions were to clamp down on China's fentanyl-related exports and resume imports of US soyabeans.

Measured by net outcome, 2025 has thus offered a harsh tutorial. The US can sell China soyabeans again while the latter assures access to rare earths. As an additional bonus, China gets access to advanced AI processors, though not to the most cutting edge. America's non-China trading partners, meanwhile, have stopped looking for method in this madness since there is none. In this time of great power competition, Trump's odyssey has been eye-opening. He has revealed the potency of China's stranglehold on the world's most precious commodities. And he has told everyone else that they are on their own. "America first" works as an election slogan. In the real world, China is pulling ahead.

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