
APRIL 18, 2025

Beijing Bides its Time on Tariff Talks

Key Takeaways

- The likelihood of a meeting between Trump and Xi – considered a key event to get trade negotiations started – remains low in the near term. Trump has repeatedly expressed interest in meeting with Xi to “make a deal.” But Xi is in no rush to look weak or begin negotiations.
- China’s diplomatic outreach in Southeast Asia and the appointment of a new EU-focused trade negotiator underscore Beijing’s strategy to diversify trade partners and find new markets.
- The Chinese government is also rolling out domestic initiatives to boost local consumption and absorb goods originally bound for the United States, while ramping up investments in AI, automation, and green technologies, alongside broader stimulus measures.
- China has not fully deployed all its retaliatory or adaptation tools – such as consumer boycotts or a significant Renminbi devaluation – but early signs of both are beginning to emerge.

Current State of Play

Chances of a Trump–Xi meeting remain low in the near term, as signs indicate that Beijing is in no rush to engage despite Trump’s claims of frequent outreach from China. Trump has stated that China has been reaching out “a lot” since the tariffs were imposed and that he is waiting for a call from Xi, but signs suggest Beijing is actually holding off. There are also indications that the central government has instructed officials and proxies not to meet with U.S. counterparts until formal negotiations are underway, such as the recent postponement of a planned U.S. visit by the Hong Kong General Chamber of Commerce. China has publicly signaled its expectation that certain prerequisites are met before a high-level meeting can occur, including having a clear and credible U.S. negotiator, respectful discourse that avoids derogative statements like that one Vice President Vance made about “Chinese peasants,” and respect for core concerns including Taiwan and Chinese economic development.

U.S.–China trade tensions remain in the early stages of escalation. While U.S. President Donald Trump seems to hope that tariff pressure will cause China to make



concessions in the near term, China is preparing for a long-term struggle and has yet to exhaust its adaptation toolkit. Beijing's confidence is anchored in the apparent resilience of its domestic economy, aligned with President Xi Jinping's description of China's economy as "a sea, not a pond" – a message meant to underscore China's capacity to absorb external shocks.

China has also not employed the full extent of its retaliatory options against the United States, such as activating consumer-led boycotts or drastically depreciating the Renminbi, although signs of both are emerging. Beijing recently announced plans to reduce the number of U.S. films allowed in Chinese cinemas, hinting at the potential for broader consumer restrictions. At the same time, Chinese consumers have shown a growing willingness to move away from U.S. brands, with netizens identifying potential Chinese replacements for a variety of specific American companies' products. The Chinese government is allowing this discourse to occur but has not endorsed or encouraged the trend, at least not yet. Additionally, while the Renminbi has not been explicitly devalued, recent movements suggest it is organically weakening in response to U.S. tariff actions.

China is calibrating its retaliatory measures to put pressure on the United States while managing domestic impact. In the latest round of countermeasures, China halted deliveries of Boeing jets, echoing last week's action to reduce the number of U.S. film imports. At the same time, Chinese retaliatory tariffs hurt Chinese chip distributors who were hit by price hikes of 10–40 percent on low- and mid-range U.S. semiconductors. In response, the China Semiconductor Industry Association exempted U.S.-designed chips manufactured outside the United States from the tariffs.

Meanwhile, China is strengthening its domestic buffers by encouraging export-oriented firms to shift focus to domestic markets. The Ministry of Commerce on April 17 launched a new "Buy in China" initiative aimed at boosting consumption and expanding domestic demand, while the ministry is also working with e-commerce giants like JD.com and Alibaba to stimulate local demand. Meanwhile, China is ramping up investments in green technology, automation, and artificial intelligence, while also fostering consumption through trade-in incentives, stock market support, and services sector stimulus. Monetary easing – such as rate cuts – is likely on the horizon, especially if the U.S. Federal Reserve starts cutting rates.

Notably, China is also reinforcing strategic trade alliances to diversify its trade and tap into alternative markets for its products. President Xi is concluding a Southeast Asia tour to Vietnam, Malaysia, and Cambodia on April 18, during which he has positioned China as a defender of rules-based trade, in contrast to U.S. protectionism, while pledging deeper regional ties amid rising tariff tensions. More privately, Xi encouraged interlocutors to reject any U.S. demands that might hurt China. China also sent senior trade delegations to Europe in recent weeks, while its factories are exploring options to redirect exports to European markets.



Negotiations between the United States and other Asian economies will also impact China's future moves. If Trump succeeds in forging greater trade alignment with other nations, it could leave Beijing feeling isolated if China is the only major economy left facing steep U.S. tariffs. U.S. officials are reportedly pursuing agreements with more than 70 countries to block China from rerouting exports through third-party nations, prevent Chinese firms from relocating to evade tariffs, and curb the inflow of China's low-cost industrial goods.

Key Watchpoints

- **Beijing's Engagement with European Partners:** On April 16, Beijing replaced veteran trade negotiator Wang Shouwen with Li Chenggang, its ambassador to the WTO. Li is an expert in WTO rules with extensive contacts in the European Union, in contrast to Wang Shouwen who is more focused on U.S. issues. Li's appointment to lead trade negotiations signals Beijing's attempt to seek rapprochement with the EU in the wake of Trump-era tariffs and reflects the Chinese government's limited expectations for progress in U.S.-China trade talks. How Beijing deepens its engagement with European partners is a key development to watch.
- **Semiconductor and Pharmaceutical Tariffs:** While Commerce Secretary Howard Lutnick has suggested that sector-specific tariffs on semiconductors and pharmaceuticals could be announced within one to two months, the final scope of President Trump's proposed tariffs in these sectors remains unclear. On April 14, the Trump Administration launched Section 232 investigations into whether imports in both sectors pose national security risks. Such investigations typically take up to 270 days, but they may be fast-tracked by the Trump team. Industry leaders have warned such tariffs could lead to higher consumer costs and fewer resources to support new R&D.
- **Critical Minerals:** Restrictions on critical minerals could open a new front in U.S.-China trade tensions. President Trump on April 15 launched a new investigation into whether imports of critical minerals pose a threat to U.S. national security – a move that could lead to new tariffs. The move comes on the heels of China's decision last week to freeze exports of key rare earths and magnets, sending some dependent industries – including in the United States – scrambling to secure alternative sources. China currently supplies 70 percent of U.S. rare earth elements, and companies relying on Chinese metals and magnets now face near-existential vulnerability given their limited stockpiles and China's policy to deprioritize U.S. buyers.

This report was prepared by [Claire Chao](#) and [Alison Szalwinski](#).