# U.S. Tech Giant NVIDIA Flew to Beijing with Trump to Sell, but China Said No

We're seeing an inversion of the global economic order's comfortable paradigm in which the West would invent and China would manufacture

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*A month ago, the CEO of the world's most valuable company boarded Air Force One in Alaska as a last-minute addition to President Trump's Beijing delegation.* ***Jensen Huang*** *came to sell Nvidia's H200 chips, just cleared for export by Washington. But Beijing said no.*

It's pushing Chinese firms to use Huawei and other domestic sources instead. Nvidia's market share in China collapsed from 95% to essentially zero last year.

The summit was framed as a negotiation over what China would buy from America: planes, soybeans, chips. The Huang episode reveals Beijing's actual priority: technological independence, then supremacy. Trade, markets and profitability be damned.

As China reaches parity and even overtakes the West in more technologies, the direction of technology transfer is reversing. Early signs are already visible.

- Over a third of the new molecules licensed by Western pharmaceutical companies last year originated in China.
- T1 Energy, which calls itself the leading US solar manufacturer, was built by acquiring China's Trina Solar's factory.
- Ford is licensing and learning Chinese battery tech from CATL to build its Michigan plant.
- And Porsche just opened, in Shanghai, its first integrated R&D hub outside Germany.

For decades, the global economic order operated under a comfortable paradigm: the West would invent and China would manufacture. This is now inverting. Over the coming decade, Western companies will increasingly need to license and learn Chinese technology to remain competitive.

The scale of the shift is striking. Just last month, the Australian Strategic Policy Institute found that China now leads in 69 of 74 key technologies. China's universities now hold eight or nine of the top 10 spots for highly-cited scientific research, depending on who's ranking.

The USA still dominates in aerospace and semiconductor design, but China already leads in electric vehicles, batteries, drones, and robotics & industrial automation. China recently

reached parity with the EU in pharma, and on AI, the performance gap between the best American and Chinese AI models has collapsed to 2.7%.

How did this happen? Two factors are critical for R&D: the quantity of quality talent, and the speed of iteration & learning. The latter depends on the speed of experimentation & prototyping. In the realm of atoms, that relies on the speed of an industrial supply chain.

Nowadays, it is 2-5X faster to iterate in China compared to the USA. This was already true for consumer electronics a decade ago, but it is now increasingly true in deep tech, from novel battery chemistry to robotics to new drugs. Now China has equivalently talented engineers and scientists, too, albeit they are 3-7X cheaper. So, for the same R&D budget, China is >10X more productive than the USA.

This is no accident. Beijing's openly-stated priority is self-sufficiency in technology and what Xi Jinping calls the "Real Economy" (□□□□), relative to what he believes is the United States' "Finance Economy" (□□□□). Xi's warning for China, might as well be his critique of the US: "China's financial sector must keep to its proper role of serving the real economy and driving high-quality development; it must never shift from the real to the virtual / fictitious."

Hence STEM became the north star in China. 34% of Chinese college students major in engineering, versus just 7% in the USA. China graduates almost 5X more college engineers and scientists than the USA and 2X as many STEM PhDs. China also has >10X more technical & vocational graduates – the technicians, machinists, electricians essential not just to manufacturing but to technology development itself. The end result is an industrial workforce of 70 million, the largest in the world.

However, China's approach comes at a severe cost. Both Beijing's and local governments' incentives to prioritize production over profit have led to an economy in deep malaise. Their push for technological independence by definition builds redundancy, aka overcapacity, leading to price wars and unprofitable firms.

Corporate margins often evaporated in race-to-the-bottom competition between each province's tech champion. Venture-backed startup formation collapsed by ~99% from 2018 to 2024. Recently China has even faced the specter of deflation.

This very friction – the causal combination of imminent Chinese technology parity and its economic malaise – is creating an arbitrage opportunity that businesses will find impossible to ignore.

China's tech leaders, facing cutthroat domestic markets, are desperate to sell their innovations in the West, where margins are healthy. But as China leaps ahead, their innovators face increasingly protectionist Western policies, as well as ramping export control from Beijing itself, and many won't be allowed to come into our markets alone.

Thus, firms will emerge to bridge the geopolitical divide, taking the role of local partner to bring Chinese tech into Western markets through structures that proactively satisfy both governments. And Western companies will likely increasingly partner with Chinese innovators not just on manufacturing but on R&D itself, especially in non-defense categories like medicine, clean energy, and advanced materials.

If the West is to maintain our past leadership, we know what we must work on: more engineers, more scientists, faster industrial capacity. In parallel, those who move past

reflexive competitive fears, and harness a world with much more innovative capacity will see transformational benefits. After all, would it be so terrible if China invented five more cancer cures than we do?

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*Featured image: Porsche just opened, in Shanghai, its first integrated R&D hub outside Germany. Photo: ChinaEVHome*

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