



Source: UBS

# Multipolarity in focus: Why China is gaining influence

15 May 2026, 09:20 UTC, written by Michael Bolliger

**Despite geopolitical tensions and export restrictions, China's economy is showing robust growth momentum, supported by exports and competitiveness. The Xi–Trump summit underscores the mutual need to preserve the fragile balance between the two countries, but is unlikely to fundamentally alter the strategic rivalry. China continues to expand its technological and energy autonomy, which creates attractive but select opportunities for investors—especially in the technology, industry, and sustainability sectors—amid persistent geopolitical and domestic economic risks.**

Expectations for the summit between China's President Xi Jinping and US President Donald Trump were likely kept deliberately low in advance. As a result, few observers are anticipating any landmark changes in the relationship between the two countries. But the very fact that the meeting is taking place is an important signal that both sides are interested in stabilizing relations—and therefore likely a positive factor for markets and investors. The meeting also illustrates how effectively China understands how to assert its own interests and thereby expand its global leadership role. For China, the strategic value is therefore not only in the individual agreements, but also in further improving its positioning as a leading economy and a reliable partner. Notably, China can now act from a position of relative economic stability and industrial strength, despite—or perhaps precisely because of—all the shocks the country has had to overcome in recent years.

The debate around rare earths and semiconductors has largely disappeared from media headlines, but remains a key factor in managing the fragile balance between the two powers. Beijing has used its levers selectively and skillfully to counter US technology restrictions and import tariffs. That said, export restrictions, tariffs, or even sanctions could still unsettle markets in the future. It is also notable that Beijing rarely comments publicly on geopolitical issues such as Iran or Taiwan,

**This educational report has been prepared by UBS Financial Services, Inc. Please see important disclaimers and disclosures at the end of the document.**

even though these topics also have economic relevance for mainland China and further escalation would likely represent an economic risk. Overall, the summit could help to consolidate and make more visible the trend toward a multipolar world order, in which mainland China is likely to further expand its autonomy and strengthen its global market leadership across a number of industries.

China's economy is currently in good shape. Despite geopolitical tensions and higher energy prices, growth and exports have recently beaten estimates, while early signs of a reflation cycle have also emerged. GDP is expanding at around 5%, above expectations, driven mainly by strong export numbers. Producer prices have turned positive for the first time in years. While rising inflation is a risk in many places, a potential return to a (slightly) inflationary environment in China after years of deflation would be broadly welcome.

In technology and industry, China is also steadily building on its position as a global market leader—combining technological know-how and innovation with strategic investment in growth industries. In artificial intelligence (AI), the launch of DeepSeek V4 highlights rapid progress and the ability to keep pace with the West even in the development of complex key technologies. This reduces dependence on western technology and strengthens the local innovation ecosystem. China's competitiveness also rests heavily on scale effects, automation, and deeply integrated supply chains. Even under export restrictions, it has managed bottlenecks while continuing to expand its industrial base. And China's energy policy is increasingly becoming a differentiator: Around 80% self-sufficiency reduces external vulnerability; the massive expansion of renewable energy and electrification strengthens competitiveness across many future-facing industries; and market leadership in EVs and batteries creates export opportunities and supports the economy and, in turn, domestic consumption.

For investors, this implies an environment with attractive but select opportunities. Select, because Chinese equities—despite all the positive developments—have lagged many other markets. One reason is the still-weak domestic economy, which continues to suffer from the effects of the property crisis. Until consumer sentiment normalizes, no sustained improvement is likely. Shareholders' interests have also sometimes been treated as secondary, for example where political or strategic objectives were prioritized.

That said, the technology sector—for example in AI and internet-related areas—and green industries such as renewable energy, batteries, and EVs offer compelling opportunities, in our view. Alongside these select opportunities in China, we would also highlight other markets in North Asia. In particular, in the technology space—especially within the semiconductor industry—several companies delivered strong first-quarter results. That has supported share prices, while valuations have barely been stretched. In our view, it is worth looking East, even if the Xi–Trump summit does not lead to a material shift in US-China relations.

**Disclaimer**

**Hong Kong / Singapore:** For Global Wealth Management clients of UBS AG Singapore / Hong Kong branch, please refer to the [HK/SG Marketing Material Disclaimer](#).

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

**This document and the information contained herein are provided solely for your information and UBS marketing purposes.** Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties. Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

**Additional Disclaimer relevant to Credit Suisse Wealth Management:** Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2026. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.