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Trade between US and China ||almuni Connect,Business Connect|| 2019-08-26 21:13:03

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President Donald Trump has said the US and China will "very shortly" resume trade talks after a weekend of escalating tension with Beijing.

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"China called last night... said let's get back to the table. So we'll be getting back to the table," he said.

On Friday Mr Trump sharply hiked tariffs on billions of dollars of Chinese imports in retaliation for fresh duties from Beijing.

China has yet to confirm any talks, but said it would not bow to threats.

Mr Trump sent out conflicting messages over the weekend, at first appearing to express regret about the latest tariffs, only for the White House to retract his comments on Sunday.

However, at the G7 summit in Biarritz on Monday he said Chinese officials had made two "very, very good calls" on Sunday night and that Beijing wanted to "make a deal".

- A quick guide to the US-China trade war
- The US-China trade war in charts
- US-China trade war: We're all paying for this'

Suggesting his pressure had brought the Chinese back to the negotiating table, he added: "They hurt very badly, but they understand this is the right thing to do.

"We're going to start very shortly to negotiate... but I think we're going to make a deal."

The US is trying to force Beijing to reform its trade practices, arguing that American firms face an uneven playing field due to issues such as intellectual property theft.

However, US allies have pressured Mr Trump at the G7 summit in France, warning that the trade war is threatening the global economy.

Media captionJay Powell or Xi Jinping: Which chairman is Trump's enemy?

Earlier on Monday Asian stock markets tumbled over concerns about the trade war, with Hong Kong's Hang Seng index losing more than 3% before regaining ground.

However, European shares climbed after Mr Trump's more conciliatory comments and US markets opened between 0.7% and 1% higher, having fallen sharply on Friday.

How has the trade war escalated?

On Friday, the US said it would begin the process of raising tariffs on around $250bn (£203.8bn) of Chinese imports from 25% to 30% from 1 October.

The US also said fresh tariffs on an additional $300bn of Chinese goods, announced earlier this month, would now be at a rate of 15% instead of 10%. The first batch of those tariffs will be introduced in September.

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In a tweet, Mr Trump said he planned to order US firms working in China to move their operations back to the US, although it is unclear how he could force them to comply.

The moves came after China delivered its latest trade war strike, announcing plans to hit $75bn worth of US goods with new tariffs and hikes to existing duties.

In Beijing, foreign ministry spokesman Geng Shuang said he had not heard that talks were about to re-start.

But he said: "We strongly urge the US not to miscalculate the situation and immediately cease its wrong actions. If the US implements its plan of raising tariffs, China will definitely continue to take measures and safeguard its own legitimate rights. China does not accept any threats or intimidation."

How did we get here?

The world's two largest economies have been locked in a bruising trade battle for the past year that has seen tariffs imposed on billions of dollars worth of one another's goods.

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Media captionGary Cohn, Trump's former US chief economic adviser, weighs in on US-China trade war

Mr Trump has long accused China of unfair trading practices, but in China there is a perception that the US is trying to curb its rise.

Sharp falls in the yuan earlier this month prompted the US to officially name China a "currency manipulator", adding to tensions between the two countries.