



## US, China to hold ice-breaker trade talks in Geneva on Saturday

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U.S. Treasury Secretary Scott Bessent and chief trade negotiator Jamieson Greer will meet China's economic tsar He Lifeng in Switzerland this weekend for talks that could be the first step toward resolving a trade war disrupting the global economy.

News of the planned Geneva meeting, first announced by Washington late Tuesday, sent U.S. equity index futures higher. Stock markets in China and Hong Kong followed suit during Asian trading on Wednesday.

The talks come after weeks of escalating tensions that have seen duties on goods imports between the world's two largest economies soar well beyond 100%, amounting to what Bessent on Tuesday described as the equivalent of a trade embargo.

The impasse, alongside U.S. President Donald Trump's decision last month to slap sweeping duties on dozens of other countries, has upended supply chains, roiled financial markets and stoked fears of a sharp downturn in global growth.

The negotiating teams convening in Switzerland, known for its neutrality, are expected to discuss reductions to the broader tariffs, two sources familiar with the planning said. The talks should also cover duties on specific products, export controls and Trump's decision to end de minimis exemptions on low-value imports, one of the sources added.

China's State Council did not immediately reply to a faxed request for comment.

"My sense is this will be about de-escalation," Bessent told Fox News after the announcement.

"We've got to de-escalate before we can move forward."

A Chinese commerce ministry spokesperson later confirmed that China had agreed to meet the U.S. envoys.

"On the basis of fully considering global expectations, China's interests, and the appeals of U.S. industry and consumers, China has decided to re-engage the U.S.," the spokesperson said, citing a proverb about actions speaking louder than words.

This is the first meeting between senior Chinese and U.S. officials since U.S. Senator Steve Daines met Premier Li Qiang in Beijing in March.

Beijing has largely adopted a fiery rhetoric as tensions with Washington have ratcheted up, repeatedly saying it would not engage in negotiations unless the U.S. withdrew its tariffs.

Signaling a change in tack, however, China's commerce ministry on Friday said it was "evaluating" an offer from Washington to hold talks.

Asked about the apparent U-turn on Wednesday, China's foreign ministry spokesperson Lin Jian told a daily press conference that Beijing's "position of firmly opposing U.S. abuse of tariffs has not changed".

The stakes for China's economy are high, with its vast factory sector already bearing the brunt of the tariffs. Many analysts have downgraded their 2025 economic growth forecast for the Asian giant, while investment bank Nomura has warned the trade war could cost China up to 16 million jobs.

China's central bank on Wednesday announced fresh monetary stimulus, flagging rate cuts and a liquidity injection into the banking system aimed at countering the economic impact of the duties.

Analysts described the move as measured and tactical.

"There's almost certainly also an element of signaling to the U.S. government ahead of the upcoming meeting," said Christopher Beddor, deputy China research director at Gavekal Dragonomics.

"The message is that Chinese officials are not panicked or scrambling to shore up economic growth, and they're not going to be negotiating from a position of weakness."

#### MIXED SIGNALS

U.S. officials have held a flurry of meetings with trading partners since the president announced a 10% tariff on most countries on April 2, along with higher tariff rates that will kick in on July 9, barring separate trade agreements.

Trump has also imposed 25% tariffs on autos, steel and aluminum, 25% levies on Canada and Mexico, and 145% tariffs on China, with further duties expected on pharmaceuticals in coming weeks.

China retaliated by boosting its tariffs on U.S. goods to 125%. The European Union is also readying countermeasures.

While Saturday's talks are aimed at easing tensions, it remains unclear how substantive they could prove, said Bo Zhengyuan, partner at Shanghai-based policy consultancy Plenum.

"For more comprehensive geopolitical negotiations to be possible, tariffs would need to be lowered first - the key is whether both sides can agree on the extent and scope of tariff rollbacks, as well as on follow-up talks," Bo said.

Bessent told Fox News the two sides would work out during their meeting on Saturday "what to talk about."

"Look, we have a shared interest that this isn't sustainable," Bessent said. "And 145%, 125% is the equivalent of an embargo. We don't want to decouple. What we want is fair trade."

Trump and his trade team have sent mixed signals over progress in talks with major trading partners rushing to cement agreements with Washington and avoid the imposition of hefty import taxes on their goods.

Bessent told lawmakers earlier in the day that the Trump administration was negotiating with 17 major trading partners and could announce trade agreements with some of them as early as this week.

Trump told reporters before a meeting with Canadian Prime Minister Mark Carney that he and top administration officials will review potential trade deals over the next two weeks to decide which ones to accept.

U.S. and Britain have made progress towards a trade deal, a British official said, while Bessent has said many other countries including Indonesia have made good offers to reduce tariffs and non-tariff barriers, such as subsidies.

Trump's moves on tariffs, which he says are aimed in part at reducing the U.S. trade deficit, are so far having an opposite effect, with the gap hitting a record in March as businesses rushed to import goods ahead of the levies.

Notably, though, the U.S. trade deficit with China narrowed sharply as the crushing levies Trump has imposed cut deeply into Chinese imports.



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