

Business

# U.S.-China trade talks end for the day with no announcement of a deal

By [Taylor Telford](#) and  
[Damian Paletta](#)  
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Trade talks between the U.S. and China have ended for the day Friday with no announcement of an agreement.

"They were constructive discussions between both parties, that's all we are gonna say. Thank you," Treasury Secretary Steven Mnuchin said, according to tweets from reporters waiting outside the office of the U.S. trade representative, where the talks were held.

The end to the negotiating round follows a series of tweets from President Trump earlier Friday defending his decision to more than double tariffs on \$200 billion worth of Chinese imports, putting the rest of the world on notice that he will follow through on his protectionist agenda no matter the blowback.

In the morning tweets, Trump said that talks with Chinese leaders would continue, but he repeatedly warned that China should "not renegotiate deals with the U.S. at the last minute."

Tariffs will make our Country MUCH STRONGER, not weaker. Just sit back and watch! In the meantime, China should not renegotiate deals with the U.S. at the last minute. This is not the Obama Administration, or the Administration of Sleepy Joe, who let China get away with "murder!"

— Donald J. Trump (@realDonaldTrump) [May 10, 2019](#)

White House officials accused China of renegeing on prior details of the talks earlier this week, something Trump's chief trade negotiator Robert E. Lighthizer told reporters was "unacceptable." Chinese officials have denied backing away from any commitments.

The chain of events that began with higher tariffs and continued through Trump's tweets have sown unrest in financial markets around the world and have left investors and business executives unsure of what is to come. Trump in the past has threatened severe penalties only to back down days later, but he has also shown a willingness to dig in and trust his instincts, even if advisers have warned against it. He believes the strength of the economy gives him leverage to use aggressive trade tactics.

"At this stage, it is difficult to envision this as a bluff anymore," said Eswar Prasad, a senior professor of trade policy at Cornell University. "He seems deadly serious about taking on China in a broad economic confrontation irrespective of the consequences to the U.S. economy."

The new tariffs largely affect business equipment but also \$40 billion in consumer products like air conditioners, furniture, certain clothing and spark plugs. The financial impact of the tariffs could be delayed because it will apply only to products that left China on Friday, which often take two or three weeks to arrive from Shanghai. But businesses often pass these costs on to consumers, which could drive up prices across the country.

Lighthizer and Treasury Secretary Steven Mnuchin met China's vice premier, Liu He, on Friday to continue negotiations. They met Thursday and were unable to avert the imposition of higher tariffs. But Trump's tweets Friday could be interpreted as a signal to the Chinese that he will not back down.

In one of the tweets, Trump wrote that there was "no need to rush." He said the tariffs would "bring in far more wealth to our country than even a phenomenal deal of a traditional kind." He also connected his approach with that of former vice president Joe Biden, who is running for president and wants to challenge Trump in the 2020 election. Biden's quick rise to the top of many polls in the Democratic primary has drawn the attention of top White House officials.

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But trade experts and business groups have said Trump routinely misstates how tariffs work. Tariffs are taxes paid by U.S. companies that bring in products from overseas. So those costs are borne by companies like manufacturing firms, chemical producers and others that rely on Chinese products. This drives up the cost of Chinese products, which Trump has said will help U.S. competitors, but it also pushes up the cost for U.S. companies that use Chinese products as well.

In another tweet, Trump said he was preparing to impose a 25 percent tariff on the remaining \$325 billion in Chinese imports that have so far not been affected. This is considered one of the most extreme penalties he has left to unload, and it could affect products purchased by virtually every American, including electronics, other clothing, and car parts, among other things.

Trump has for years complained that the United States buys more goods from China than China does from the United States, referring to a trade imbalance that is unfair to U.S. workers and companies. Many companies, Democrats, and Republicans have agreed that China uses unfair trade practices to gain an advantage and hurt U.S. companies, but they have disagreed with the president's tactics of using tariffs to punish the Chinese. Trump has said the easiest solution would be for companies to move their factories back to the United States and make their products here instead of importing them, a change that would help U.S. workers.

Build your products in the United States and there are NO TARIFFS!

— Donald J. Trump (@realDonaldTrump) [May 10, 2019](#)



But Chinese officials were frequently vague when it came to agreeing to specific commitments, something that worried U.S. officials as the talks dragged on. And Mnuchin and Lighthizer returned from a trip to Beijing last week with bad news for Trump, telling him that their Chinese counterparts had — in their view — pulled back from agreements they had thought were already set. This is what led Trump to create Friday’s deadline, something many people thought would never take place.

Chinese stock markets, after [suffering big losses](#) earlier in the week, actually gained on Friday. The Shanghai composite index rose 3.1 percent, and the Shenzhen component index gained 4 percent.


The Dow Jones industrial average [dropped around 300 points](#), or just over 1 percent, in morning trading. With Thursday’s close, the three major indexes were on course for their worst week of 2019.

*Anna Fifield contributed to this report.*

**Taylor Telford**

Taylor Telford is a reporter covering national and breaking news. [Follow](#) 

**Damian Paletta**

Damian Paletta is White House economic policy reporter for The Washington Post. Before joining The Post, he covered the White House for the Wall Street Journal. [Follow](#) 

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