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# *U.S.-China Trade Talks End in an Impasse*

By Keith Bradsher

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BEIJING — The United States and China ended trade talks in Beijing on Sunday without any announced deals and with Chinese officials refusing to commit to buying more American goods without a Trump administration agreement not to impose further tariffs on Chinese exports.

“If the United States introduces trade measures, including an increase of tariffs, all the economic and trade outcomes negotiated by the two parties will not take effect,” China said in a statement distributed by the state-controlled news media.

The apparent impasse left the Trump administration with the issue of what to do about China’s industrial policies. It also left unresolved an awkward issue for both sides: the Chinese telecommunications company ZTE, which had violated sanctions against North Korea and Iran.

President Trump had sent to the talks what was essentially an export promotion team led by Commerce Secretary Wilbur Ross and including senior officials from the Treasury and from the Agriculture Department. Conspicuously absent were top officials from the Office of the United States Trade Representative, which has threatened to impose 25 percent tariffs on $50 billion a year in Chinese goods, in addition to the tariffs already imposed on $3 billion a year in Chinese steel and aluminum exports.

Mr. Trump had underlined his administration’s plans to confront China on trade when he wrote on Twitter while the American team was in Beijing, “When you’re almost 800 Billion Dollars a year down on Trade, you can’t lose a Trade War!”

But at the end of the negotiations, Beijing officials refused to pledge any additional purchases from the United States without an American agreement to resolve broader trade issues.

If the United States imposes the tariffs, China has previously said, Beijing would retaliate by blocking an equal value of soybeans and other goods from the United States. That would amount to more than one-third of Chinese imports of American goods.

In addition to the tariff dispute, Chinese officials have expressed deep concern about ZTE, a 70,000-employee telecommunications company that has largely shut down operations in the past month after an obscure American government agency, the Bureau of Industry and Security, ordered United States companies to stop selling crucial microchips and software to ZTE for seven years.

Then, in a tweet nearly three weeks ago, Mr. Trump said that the Commerce Department should reconsider American sanctions on ZTE, without any obvious Chinese concession in exchange. The arrival of Mr. Ross and his team in Beijing had fostered optimism in China that the issue could be settled without any big moves by Beijing.

“Chinese officials know these talks are precarious, but may underestimate the domestic political cost Trump now sees in lifting the ZTE ban without major concessions from China,” said Andrew Gilholm, the director of China analysis at Control Risks, a political and security consulting firm. “If the ban stays, Beijing’s retaliation will definitely go up a gear.”

Chinese state media have glossed over why the United States sales ban was imposed: ZTE’s ties to North Korea and Iran. The company’s links to North Korea in particular are politically inconvenient for China because Beijing has claimed that China’s enforcement of international sanctions against North Korea helped pave the way for the coming summit meeting in Singapore between Mr. Trump and North Korea’s leader, Kim Jong-un.

State news outlets have portrayed the ZTE decision as having been made by Mr. Ross’s Commerce Department, and they have suggested that it is merely a bargaining ploy as part of trade negotiations. But though the Bureau of Industry and Security, a law enforcement agency, is legally part of the Commerce Department, it has considerable autonomy.



Agents of the bureau carry badges and guns, and the agency has played a central role for decades in trying to prevent Iraq and Iran from obtaining nuclear weapons technology.

Further trade frictions between the United States and China could also create difficulties for Vice Premier Liu He, a close ally of President Xi Jinping. Mr. Liu, an economist, is seen as one of the few moderates in a Chinese government increasingly dominated by advocates of greater state control of the economy.

“Trump’s strategy does no favors for the moderates like trade negotiator Liu He who are eager to take China down a more manageable path of market and financial reforms, and such reforms would indeed be good for U.S. commercial interests,” said James Zimmerman, a partner in the Beijing office of the law firm Perkins Coie and a former chairman of the American Chamber of Commerce in China.

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Chris Buckley contributed reporting.