

# Stocks Slide As Trump Says China Trade Deal Might Wait Until After 2020 Election

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President Trump's remarks sent the stock market tumbling on Tuesday morning, as investors grappled to recalibrate to the suggestion that a trade deal with China could be a year away.

*Evan Vucci/AP*

President Trump on Tuesday raised the prospect of postponing a trade deal with China until after the 2020 election, shaking market confidence and

sending stocks tumbling.

"A China trade deal is dependent on one thing — do I want to make it," Trump told reporters in London, where he is attending the NATO summit.

"In some ways, I like the idea of waiting until after the election for the China deal, but they want to make a deal now and we will see whether or not the deal is going to be right," he added.

As a result of the dismissive remarks, the Dow fell nearly 400 points Tuesday morning as traders came to grips with the notion that a trade truce might not be finalized before another round of costly tariffs on some \$160 billion worth of Chinese imports are imposed on Dec. 15.

Tuesday's sharp slide in the market came on the heels of the previous day's biggest one-day decline in nearly eight weeks. On Monday, the Dow fell 268 points.

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Trump on Tuesday injected even more uncertainty into global markets, saying he had "no deadline" to put an end to the trade war with the world's largest economy. That contradicted remarks just three weeks ago that the administration was [close to a mini agreement](#) with China.

"The mercurial nature of Trump's comments certainly adds a huge element of unpredictability and volatility to the negotiations," Eswar Prasad, professor of trade policy at Cornell University, told NPR.

Prior to the president's remarks on Tuesday, it seemed as if the U.S. and China were making progress toward reaching a "phase one" deal. That was expected to halt further escalation of trade sanctions between the two nations and roll back some of the tariffs imposed in September. Now, analysts fear

the White House position is hardening once again, insisting that China meet all of its major demands before the U.S. will agree to even a limited deal.

"If these comments do have substance to them, it suggests that this pall over the trade situation with China could persist into next year, and it might also result in a hardening of the U.S. position in other trade disputes that are ongoing with many other trading partners," Prasad said.

He notes that the president's latest musings also undercut the position of his negotiating team, which is seeking a compromise. He added that the president's remarks "suggest that the Chinese might be very reluctant to make the sort of concessions that Trump wants to see." And that lowers business confidence, Prasad said.

Hugh Johnson, chief economist at Hugh Johnson Advisors, suggests the reason Trump's delayed timeline came as such a shock to investors is because of their assumption that the president would protect American farmers — a powerful pro-Trump voting bloc — from taking any further trade hits.

Since the trade war began, China has cut back on purchases of U.S. farm goods such as soybeans and turned to Argentina and Brazil for alternative supplies.

"Most of us had believed that one thing the president wants or needs is the farm vote," Johnson told NPR. "And the one way he could get the farm vote is if the farmers in the U.S. sold more soybeans to the Chinese."

Johnson says Trump's decision on Monday to reimpose [tariffs on imported steel and aluminum](#) from the two South American countries was in retaliation.

Another signal of a likely delay in a trade deal was Trump's statement that he has not spoken to President Xi Jinping recently. "I don't think he likes me so much anymore," Trump told reporters.

Meanwhile, Chinese officials told the *Global Times*, a news outlet with ties to the Communist Party, that the government is prepared for "even the worst-case scenario."

In addition to stoking the tariff spat with China, the president also threatened to impose new tariffs on French imports. The move is in retaliation for French taxes on digital services provided by American tech companies.

"I don't want France taxing American companies. If they're going to be taxed it's going to be the United States that will tax them," Trump said

The administration views that spate of tariff threats as a good bargaining chip, to bring other countries to the table. But tariffs are also likely to cause widespread economic pain, Scott Lincicome an international trade attorney with White and Case, told NPR's Scott Horsley.

"We've really come to this point where the president has a tariff hammer, and all he sees out there is nails," Lincicome said.