

Global trade

G7 countries condemn US in rebuke over tariffs

Bitter rift in democratic alliance after escalating tensions over Trump trade policies



Canada's finance minister Bill Morneau: 'Unfortunately, the actions of the US this week risk undermining the very values that traditionally have bound us together' © Bloomberg

Sam Fleming and Kadhim Shubber in Washington 9 HOURS AGO

Donald Trump will receive a cool reception from the G7 this week after US allies condemned his tariffs on steel and aluminium in a remarkable public rebuke of the group's most powerful member.

The president will go to Canada for his second G7 summit with a trade war looming on several fronts and a bitter rift opening up between the US and its closest partners.

On Saturday, G7 finance ministers called for decisive action to address the tariffs and highlighted the "negative impact of unilateral trade actions by the United States".

The US and [China](#), meanwhile, failed to reach a deal on trade this weekend as Wilbur Ross, the commerce secretary, on Sunday ended a third round of negotiations with vice-premier Liu He without any breakthrough.

It is rare to see such a public split in the G7, a group of democracies that traces its roots back to the 1970s, much less open criticism by its membership of the US, which normally is a leading force in guiding its agenda.

But Mr Trump's decision to pursue protectionist measures against countries that count themselves

as America's closest economic and military partners has infuriated and alarmed politicians in other capitals.

"Unfortunately the actions of the United States this week risk undermining the very values that traditionally have bound us together," said Canada's finance minister Bill Morneau in a statement.

A so-called chair's summary released by G7 host nation [Canada](#) after meetings of finance ministers and central bankers noted concerns that "the tariffs imposed by the United States on its friends and allies, on the grounds of national security, undermine open trade and confidence in the global economy."

The public criticism of the US in Whistler further raises the stakes ahead of the summit of leaders including Mr Trump in Charlevoix. It comes as leading US partners including Canada and the [EU](#) prepare retaliatory measures after America's decision to impose tariffs on steel and aluminium imports.

"It is hard to think of other instances in the postwar era where the US has stood so isolated from its traditional allies," said Eswar Prasad, former head of the International Monetary Fund's China division, now a professor at Cornell University. "The era of US leadership of the G7 and of the broader international community is apparently coming to an end."

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Mr Morneau told reporters after the meetings that there had been consensus outside the US that the Trump administration's actions were "destructive to our ability to get things done". US Treasury secretary Steven Mnuchin had been asked to convey the "regret and disappointment" felt by G7 partners to the president, he said.

Mr Mnuchin acknowledged the sentiments expressed by America's partners but insisted after the gathering that the US was not abdicating its position at the helm of the world economy. "I don't think in any way the US is abandoning its leadership in the global economy — quite the contrary," he said in a press conference, citing the strength of the recent recovery after Republican-led tax cuts in December.

However, in the meetings finance ministers repeatedly urged the US to reverse its decision to impose levies on metal imports. Taro Aso, Japan's finance minister, called the US action "deeply deplorable" in comments to reporters. Bruno Le Maire, the French finance minister, referred acerbically to the G6 plus one. The discussions, he said later, had been tense and difficult. "We cannot understand the American decisions on steel and aluminium. The ball is in the US court," he said on Twitter.

US allies on both sides of the Atlantic have angrily cited their close ties with the US and shared sacrifices in past wars alongside the country as they condemned America's steps. Brussels has said

it will enact retaliatory tariffs on US exports and bring a case to the World Trade Organization, while Canada said it would impose tariffs on up to \$12.8bn worth of US imports.

Nevertheless, as the G7 finance minister and central bank governors' meetings wrapped up on Saturday, Mr Trump reiterated his demands on trade on social media, saying, "When you're almost 800 Billion Dollars a year down on Trade, you can't lose a Trade War!".

He added: "If we charge a country ZERO to sell their goods, and they charge us 25, 50 or even 100 per cent to sell ours, it is UNFAIR and can no longer be tolerated. That is not Free or Fair Trade, it is Stupid Trade!"

WTO statistics show the president's claims to be unfounded. The trade-weighted average applied US tariff on goods is 2.4 per cent, which is higher than that of Japan at 2.1 per cent and lower, but close to that of the EU at 3 per cent and Canada at 3.1 per cent.

The debate in Whistler came as US commerce secretary [Wilbur Ross](#) held talks in China this weekend aimed at reaching an accord with Beijing over the two countries' trade differences. Mr Trump cast those discussions into further doubt earlier in the week by threatening to impose tariffs on \$50bn of Chinese goods.

The US and China did not issue a joint statement after they wrapped up two days of discussions. In a brief statement, the official Xinhua news agency said Mr Ross and Mr Liu had made "concrete progress" without elaborating.

The G7 consists of Canada, France, Germany, Italy, Japan, the UK and the US.

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