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WORLD

U.S.-Canada Trade Feud Escalates After Fraught G-7 Summit

Top trade adviser says 'there's a special place in hell for any foreign leader that engages in bad-faith diplomacy' with President Trump



In a news conference at the conclusion of the summit on Saturday, Mr. Trump said his relationships with his Group of Seven counterparts were strong. Later in the evening Mr. Trump refused to endorse the G-7 communiqué.

PHOTO: SEAN KILPATRICK/THE CANADIAN PRESS/ASSOCIATED PRESS

By Vivian Salama in Washington and Paul Vieira in Ottawa

Updated June 10, 2018 6:54 p.m. ET

U.S. administration officials escalated President Donald Trump's criticisms of Canadian Prime Minister Justin Trudeau and the global trading system on Sunday, heightening tensions with major allies as Washington enters an important stretch of negotiations on several fronts, from China to the North American Free Trade Agreement.

After the Group of Seven industrialized nations summit ended Saturday in Canada with a joint communiqué stressing the importance of a rules-based international trading system, a spat erupted between Messrs. Trudeau and Trump.

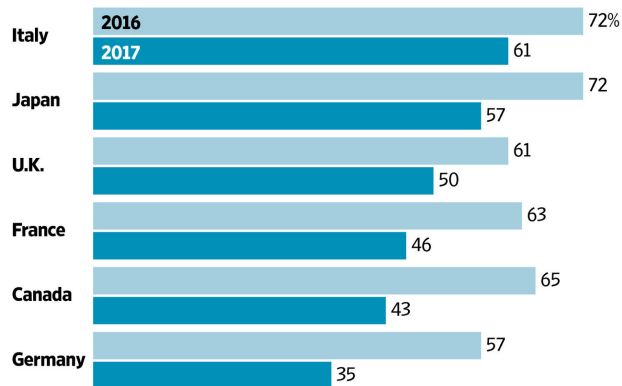
Mr. Trudeau asserted Canada's strength and independence and criticized U.S. tariffs on Canadian metals. Mr. Trump later withdrew his support for the communiqué, an unprecedented move that left the allies divided in a way they hadn't been for decades.

On Sunday evening from Singapore, where Mr. Trump will meet Kim Jong Un of North Korea, the president in a tweet questioned why he should continue to allow countries to run a trade surplus with the U.S. when, in his view, it comes at the expense of U.S. farmers and workers. He also criticized Canada's trading practices, adding, "Then Justin acts hurt when called out!"

German Chancellor Angela Merkel said in a TV interview late Sunday that it was "sobering and somewhat depressing" to learn Mr. Trump wouldn't endorse the final communiqué.

Point of View

Among G-7 countries, the share of people with a favorable opinion of the U.S. has dropped since 2016.



Source: Pew Research Center, latest polls of between 905 and 1,505 adults in each country, conducted between Feb. 16 and April 17, 2017; margins of error: +/- 3.0 to 5.0 pct. pts.

THE WALL STREET JOURNAL.

One senior European diplomat said Mr. Trump was involved in parts of the drafting of the statement and that his decision not to endorse it after his departure came as a complete surprise. "It was a bit of a cold shower for us, that's for sure," the official said.

The end of the G-7 meeting—coupled with Mr. Trump's news conference Saturday, in which he said major U.S. trading partners had

treated the U.S. "like the piggy bank that everybody is robbing"—left frayed U.S. ties with countries that represent the postwar Western-led economic system. Adding to the tension was Mr. Trump's call for Russia to rejoin the G-7, a suggestion most of America's traditional allies rejected.

Meanwhile, the Trump administration and the Kremlin are weighing a summit between Mr. Trump and Russian President Vladimir Putin.

In the next six weeks, the U.S. also will make crucial decisions on its next moves on Nafta and whether to impose new tariffs on China, as well as attend a North Atlantic Treaty Organization summit mid-July in Brussels.

Having Western allies on board to address issues such as China's overcapacity in steel could build pressure on the U.S.'s behalf. But that prospect seemed dim as Mr. Trump left the G-7 meeting threatening to impose tariffs on Canadian-built cars.

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The administration made no effort at reconciliation over the weekend. The president's senior economic advisers on Sunday attacked Mr. Trudeau in personal terms, saying the Canadian leader had betrayed Mr. Trump by criticizing U.S. trade policy and threatening retaliatory tariffs soon after the G-7 members agreed on a

joint policy statement and Mr. Trump had departed.

"There's a special place in hell for any foreign leader that engages in bad-faith diplomacy with President Donald J. Trump and then tries to stab him in the back on the way out the door," senior White House trade adviser Peter Navarro said Sunday on Fox. "To my friends in Canada: That was one of the worst political miscalculations of a Canadian leader in modern Canadian history."

Lawrence Kudlow, director of the White House National Economic Council, said on CBS: "Trudeau decided to attack the president—that's the key point. And yes, you know, if you attack this president he's going to fight back."

In another tweet Sunday night, the president lamented that "the U.S. pays close to the entire cost of NATO-protecting many of these same countries that rip us off on Trade."

Mr. Trudeau didn't address Mr. Trump's tweets, instead issuing a statement Sunday supporting the G-7 communiqué the U.S. renounced. His spokeswoman noted Saturday that his comments represented nothing he hadn't said before in public and in private conversations with the president.

In a news conference at the conclusion of the summit Saturday, Mr. Trump said his relationships with his G-7 counterparts were strong despite differences on trade policy, and Mr. Trudeau later said all seven nations signed a communiqué.

But in his news conference, Mr. Trudeau also offered some pointed criticism about Mr.



President Donald Trump talks with German Chancellor Angela Merkel while surrounded by other G-7 leaders in this photo released on social media by the German government. PHOTO: JESCO DENZEL/BUNDESREGIERUNG/AGENCE FRANCE-PRESSE/GETTY IMAGES

Trump's decision to impose tariffs on steel and aluminum imports, saying that Canada "will not be pushed around" and adding it would move forward with retaliatory tariffs against a variety of U.S. products in response to levies on Canadian metals.

Canadian Foreign Minister Chrystia Freeland, a close ally of Mr. Trudeau, said Sunday comments from the White House attacking him aren't "a useful or productive way of doing business."

"We have to stand up for our principles, our values in Europe, potentially with Canada or Japan," Ms. Merkel said in an interview Sunday on ARD public TV, adding that the recent events don't mark the end of the trans-Atlantic partnership. "We do not let ourselves be dragged over the table time and again."

Most European officials declined to comment on Mr. Trump's tweets and the rift with Mr. Trudeau, noting there was little alternative to the alliance global trading system it underpins. Martin Selmayr, the EU's top civil servant, said "Europe needs to take its destiny in its own hands."

Mr. Navarro said Mr. Trump can't boost the U.S. economy without upsetting the "existing world order, which basically is tremendously biased," echoing the president's comments Saturday, when he again emphasized his view that America and its workers have suffered under the free-trade system.

Mr. Kudlow also said it was important that Mr. Trump be seen as strong against Canadian criticism as he headed into his talks in Singapore to persuade Mr. Kim to denuclearize.

“There is no way this president is not going to stand strong,” he said. “He is not going to allow other people to suddenly take potshots at him hours before that summit.”

Some foreign policy experts warned that the president risked upending the trans-Atlantic alliance.

“He really is a wrecking ball and it’s hard to judge how permanent the damage is, but it’s certainly dramatic,” said Daniel Serwer, a professor at the Johns Hopkins School of Advanced International Studies and a former U.S. diplomat. “The United States is proving petulant, irascible and unreliable and everybody is seeing that, it’s not just the G-7 people who are affected.”

Others said the dust-up was a typical move by Mr. Trump to exert pressure as the U.S. negotiates trade deals, including with Canada and Mexico on Nafta, and didn’t represent an existential threat to Western alliances.

“I have no more use with people saying this is the end of the trans-Atlantic community or saying there’s some deep divide,” said James Carafano, a national security and foreign policy analyst at the right-leaning Heritage Foundation. “What’s changed? There’s no European security without trans-Atlantic security. Our economies are so intertwined, we’re not going to turn around and do trade with someone else.”

—*Kim Mackrael in Ottawa, Andrew Ackerman in Washington, Nina Adam in Frankfurt and Laurence Norman in Brussels contributed to this article.*

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Appeared in the June 11, 2018, print edition as ‘G-7 Feud Escalates After Summit.’

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