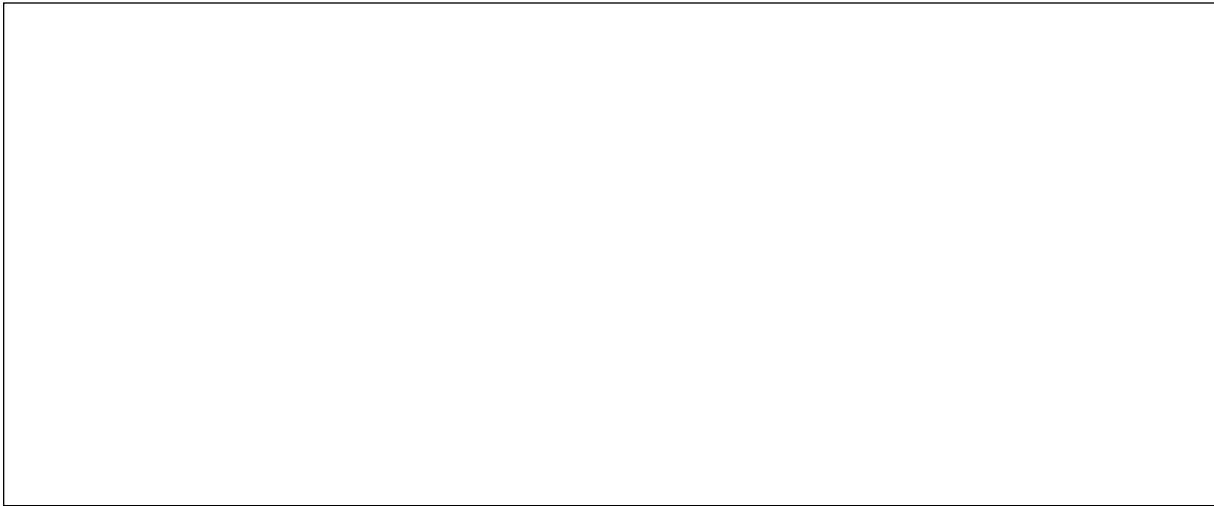




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Trump’s tariffs will test unity among allies at G7 finance ministers’ summit



BY **CHRISTOPHER RUGABER**
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BANFF, Alberta (AP) — Leading financial officials from the world's richest countries are gathering in a Canadian mountain resort this week for what may prove a contentious meeting in the wake of President Donald Trump's [sweeping tariffs](#).

The annual meetings of the Group of 7 finance ministers, known as the G7, are typically congenial and in previous years have produced joint commitments to [combat inflation](#) and [counter the COVID pandemic](#). There may be less agreement this year as Trump's tariffs threaten to slow growth in many of the gathered nations, including host Canada, which Trump has also suggested become a [potential 51st state](#).

"I expect it will be somewhat of a testy conversation among the G7 officials," said Eswar Prasad, an economist at Cornell University and former top official at the International Monetary Fund. "This is a very difficult period for the relationships among the G7 countries."

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The Trump administration has reached an initial trade deal with one G7 member, [the United Kingdom](#), and is engaged in talks with Japan and the European Union. But Canada still faces 25% duties on many of its exports to the United States, including autos, and the other three G7 members — France, Germany, and Italy — all face a baseline tariff of 10% on all their exports as part of the European Union.

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It will be the first formal meeting of the G7 attended by U.S. Treasury Secretary Scott Bessent, who participated in a brief G7 gathering last month on the sidelines of the International Monetary Fund and World Bank meetings in Washington, D.C. Federal Reserve Chair Jerome Powell will also attend along with central bank governors from the other G7 nations.

"The message from colleagues is pretty clear is that a free and fair and a rules-based multilateral trading system, is a system in which we all win," Francois-Philippe Champagne, Canada's minister of finance, said Tuesday.

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While many finance ministers gathered in Banff this week will likely seek one-on-one meetings with Bessent, it's unlikely any trade deals will be reached, according to a person briefed on preparations for the meeting who spoke on condition of anonymity because they did not have authorization to speak about it publicly.

Instead, the finance officials will seek to smooth the way toward any agreements before a meeting of the heads of state of the G7 countries in June in nearby Kananaskis, Canada.

Bessent may be able to bring a more conciliatory tone to the meetings, Prasad said, as he is often seen as a relatively moderating influence on tariffs in the Trump White House.

And there will likely be some areas of agreement, particularly around the Trump administration's goal to address what it calls "global imbalances" in world trade, a reference to the United States' large annual trade deficits, which reflects that it imports more than it exports. The White House sees China as the key driver of such imbalances. China has a large trade surplus.

"Intentional policy choices by other countries have hollowed out America's manufacturing sector and undermined our critical supply chains, putting our national and economic security at risk," Bessent said in a speech last month during the IMF and World Bank meetings.

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The status of the U.S. dollar may also come up, at least in informal conversations. The [dollar dropped in value](#) unexpectedly last month after Trump unveiled his widespread tariffs, while the interest rate on Treasury bonds rose, a sign international investors may have been [dumping American assets](#) as confidence in the country's governance and economy eroded.

"In the hallways, they're going to talk about nothing but tariffs and the dollar," said Steven Kamin, a senior fellow at the American Enterprise Institute and former senior economist at the Federal Reserve.

At last year's meeting of G7 finance officials in [Stresa, Italy](#), they agreed on a joint statement that said the members have a "strong commitment to a free, fair, and rules-based" trading system. It's not yet clear whether they will be able to agree on such a statement this year.

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Another question hanging over the meetings will be whether the G7 can come to agreement on a new round of sanctions on Russia. The European Union and U.K. announced [sanctions](#) on Russian oil Tuesday, targeting Russia's "shadow fleet" of unregistered oil tankers that are shipping its oil and allowing it to fund its war with Ukraine.

Proposals to lower a price cap on Russian oil, set as part of earlier rounds of international sanctions, down from its current level of \$60 may also be discussed in meetings Wednesday.

Yet the Trump administration, while it has called for greater sanctions on Russian oil, hasn't yet signed on to the new restrictions. Trump spoke with Russian President Vladimir Putin and Ukrainian leader Volodymyr Zelenskyy on Monday, and said the two countries [would soon begin ceasefire talks](#), though no details were available.

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Ukrainian Finance Minister Sergii Marchenko will also attend the G7 meetings this week, though Ukraine is not a member.

Daleep Singh, chief global economist at PGIM Fixed Income and a former deputy national security adviser in the Biden administration, said the issue of Russian oil sanctions will be a key test of what unity remains in the G7.

"If you're looking for something to engender a just and lasting peace, oil sanctions are the place to look," he said.

**CHRISTOPHER RUGABER**

Rugaber has covered the Federal Reserve and the U.S. economy for the AP for 16 years. He is a two-time finalist for the Gerald Loeb award for business reporting.

