

White House civil war breaks out over trade

**'Fiery meeting' in Oval Office between economic nationalists
and pro-trade moderates**

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A civil war has broken out within the White House over trade, leading to what one official called “a fiery meeting” in the Oval Office pitting economic nationalists close to Donald Trump against pro-trade moderates from Wall Street.

According to more than half a dozen people inside the White House or dealing with it, the bitter fight has set a hardline group including senior adviser Steve Bannon and Trump trade adviser Peter Navarro against a faction led by Gary Cohn, the former Goldman Sachs executive who leads Mr Trump's National Economic Council.

At the centre of the debate is Mr Navarro, a firebrand economist who has angered Berlin and other European allies by accusing Germany of exploiting a “grossly undervalued” euro and calling for bilateral discussions with Angela Merkel's government over ways to reduce the US trade deficit with Europe's most powerful economy. The officials and people dealing with the White House said Mr Navarro appeared to be losing influence in recent weeks. But during the recent Oval Office fight, Mr Trump appeared to side with the economic nationalists, one official said. The battle over trade is emblematic of a broader fight on economic policy within the Trump administration.

It comes ahead of a visit to Washington next week by Ms Merkel, the German chancellor, and amid preparations for a meeting of G20 finance ministers in Germany next week at which allies' concerns over protectionism are likely to be high on the agenda. The White House declined to answer specific questions about the internecine dispute. In a statement, a spokeswoman said: “Gary Cohn and Peter Navarro are both valued members of the president's economic team. They are working together to enact the president's economic agenda, protect American workers and grow American businesses.” According to people familiar with White House discussions, Mr Cohn and others have seized on Mr Navarro's public comments — and widespread criticism by economists of his stand on trade deficits and other matters — to try and sideline him. That has led to discussions over moving Mr

Navarro and the new National Trade Council he leads out of the White House and to the Commerce Department, headed by another Wall Street veteran, Wilbur Ross.

Mr Cohn has also been featuring more prominently in discussions over the renegotiation of the North American Free Trade Agreement with Canada and Mexico, one of Mr Trump's top trade priorities. After a meeting with Mr Cohn and other White House officials on Thursday, Mexico's foreign minister, Luis Videgaray, said the goal was to wrap up talks quickly and by the end of this year. That contradicted Mr Ross, who has called for deeper and potentially longer talks that could drag well into next year.

Mr Navarro's case has not been helped by his interactions with Republicans in Congress. He was criticised for being ill-prepared and vague at a closed-door briefing he held with Senators last month to discuss Mr Trump's trade agenda and angered some Republicans as a result. People familiar with the White House battle over trade said that Mr Navarro, who did not respond to a request for comment, was cutting an increasingly isolated figure in the administration. He has been operating with a very small staff out of an office in the Old Executive Office Building adjacent to the White House, while Mr Cohn has been adding staff to his NEC base inside the president's residence itself.

Among Mr Cohn's recent appointments has been **Andrew Quinn**, a respected former diplomat and trade official who served as a senior negotiator during the Obama administration's push for a Trans-Pacific Partnership with Japan and 10 other countries. Mr Trump has pulled the US out of the TPP but the White House last month announced Mr Quinn would serve on the NEC as a "special assistant to the president" for international trade. The appointment of Mr Quinn drew a howl of protest from Breitbart, the rightwing web site Mr Bannon used to lead. It labelled the career official an "enemy within" the Trump administration earlier this month. "[Mr] Quinn's support for not just the TPP but for multilateralism, in general, is diametrically opposed to the... approach [on trade] that helped Donald Trump get elected," Breitbart wrote. Further reading

But his appointment and Mr Navarro's apparent sidelining have helped ease some foreign officials' concerns about the prospects of the Trump administration acting on campaign threats to raise tariffs and take other aggressive steps that could lead to a trade war. Officials from some countries seeking meetings with Mr Navarro have been steered to Mr Cohn's staff instead. Others have begun speaking directly to Mr Cohn or other senior officials like Jared Kushner, Mr Trump's son-in-law, on issues such as the renegotiation of the North American Free Trade Agreement. "The situation is less worrying than it was two months ago because **[Mr] Navarro seems to be more and more marginalised,**" said one European official. "His influence seems to be diminishing quickly." Thea Lee, a top trade official at the AFL-CIO, the US's largest union, and a member of the president's recently-appointed manufacturing council, said that **Mr Trump appeared to be bending to the growing influence of the administration's Wall Street veterans and walking away from his campaign promise for a fresh approach to trade.** "At the moment it appears that the **Wall Street wing of the Trump administration is winning this battle** and the Wall Street wing is in favour of the status quo in terms of US trade policy," Ms Lee said.