|  |  |
| --- | --- |
| Metatag Type |  |
| Title | Trump Puts Auto Makers, Trade Policy in Spotlight |
| Source | Wall Street Journal |
| Author(s) | Christina Rogers, [William Mauldin](https://twitter.com/willmauldin), Mike Colias |
| Published/Uploaded | Jan. 3, 2017 12:29 p.m. ET |
| URL | http://www.wsj.com/articles/trump-targets-gm-on-chevy-cruzes-imported-from-mexico-1483448986 |
| Total Images | 2 |
| Total Videos | 0 |
| Total Ext. Links | 20 |
| Total Items Comprising the Sample | 1 |
| Total Word Count | 525 |
| Contributor | BMH |

[Ford Motor](http://quotes.wsj.com/F) Co. on Tuesday [scrapped a plan to build a $1.6 billion small-car factory in Mexico](http://www.wsj.com/articles/ford-cancelling-plan-for-new-small-car-plant-in-mexico-1483461051) that Donald Trump had slammed, a move announced just hours after the president-elect knocked General Motors Co. on [Twitter](http://quotes.wsj.com/TWTR) for importing compact cars from Mexico to sell in the U.S.

The developments escalate the tension over trade policy between Mr. Trump and U.S. corporations. Analysts say the auto industry has the most at stake over Mr. Trump’s vow [to renegotiate the North American Free Trade Agreement](http://www.wsj.com/articles/donald-trumps-nafta-plan-would-confront-globalized-auto-industry-1478800848), which has allowed car makers and suppliers to move production to Mexico in recent years without facing tariffs.

While Mr. Trump has won concessions from individual companies—resulting in limited job retention and perhaps scoring political points—he would have to enact a broader policy on trade or offshoring to prevent major shifts in employment across borders, trade experts say. And such measures could hurt other parts of the U.S. economy.

House Republicans have developed a border tax proposal to disadvantage imports, and Mr. Trump has proposed a tax or tariff of 35% on goods made by companies that shift production abroad, without providing details.

Many economists say the U.S. has already experienced the bulk of job outflows from opening up trade with Mexico and China.

The Peterson Institute for International Economics estimates that while imports from Mexico have displaced 203,000 U.S. jobs annually in recent years, the two-way trade has also created 188,000 U.S. jobs due to exports headed south—[so the net U.S. loss is 15,000 jobs annually](http://blogs.wsj.com/economics/2016/09/01/donald-trump-says-the-outflow-of-jobs-to-mexico-is-tremendous-how-big-is-it/).

Ford executives on Tuesday attributed their move to cancel the Mexico factory to slumping demand for compact cars as well as optimism over the president-elect’s “pro- growth” strategies.

[Ford had said it would move production of its Focus small car in 2018](http://www.wsj.com/articles/ford-to-build-plant-in-mexico-for-small-car-production-in-2018-1459872299) from Michigan to a factory being built in San Luis Potosí, Mexico, a move Mr. Trump had said could lead to 35% tariffs totaling more than $1 billion annually against the company.

The Dearborn, Mich., auto maker said it would divert $700 million of the now-scuttled investment to a factory in Michigan slated to build electric vehicles. The move is expected to result in 700 new jobs located south of Detroit. A continued decline in small-car demand amid low gasoline prices likely emboldened Ford CEO Mark Fields to change course.

“We see a more positive U.S. manufacturing business environment under President- elect Trump and the pro-growth policies he’s talking about,” Mr. Fields said Tuesday at the Michigan factory that will get the new investment. “This is a vote of confidence for president-elect Trump and some of the policies he may be pursuing.”

Mexico’s Economy Ministry said it was disappointed by Ford’s decision. “The jobs created in Mexico have contributed to maintaining jobs in the U.S., which otherwise would have been lost due to Asian competition,” the ministry said in a statement.

The auto industry accounts for a third of Mexico’s manufactured exports. Economists worry that similar moves by other U.S. manufacturers could limit foreign direct investment in Mexico.

Mr. Fields said the decision reflects his belief that the incoming administration will implement tax and regulatory policies favorable to American manufacturing.