

Trump claims victory as Ford shelves plans for Mexican plant

By Greg Keenan and Laura Stone

January 3, 2017 – *The Globe and Mail*

Ford Motor Co. has scrapped plans to build a \$1.6-billion (U.S.) assembly plant in Mexico, allowing president-elect Donald Trump to claim a victory in his battle to force U.S. manufacturers to stop shipping jobs out of the United States.

The Ford move came hours after Mr. Trump threatened to slap a “big tax” on General Motors Co., for importing some compact cars from a Mexican plant – a development that led observers to question when the subject of Canadian vehicle exports to the U.S. market and promises of new investment by Detroit auto makers in Canada would appear on his radar screen.

“General Motors is sending Mexican made model of Chevy Cruze to U.S. car dealers-tax free across border. Make in U.S.A. or pay big border tax!” Mr. Trump tweeted. Officials on Mr. Trump’s transition team confirmed Tuesday that if U.S. companies shift jobs out of their home country, any country where goods sold to Americans are being produced can become a target.

“His commitment is to the American worker, and to American jobs, and to American industry, and American manufacturing,” Sean Spicer, incoming White House press secretary, responded when *The Globe and Mail* asked about Mr. Trump’s view of Canadian auto exports during a conference call with reporters.

“He’s been very clear throughout the campaign, that his goal is to put America first, to restore America’s manufacturing base, and so it’s not a question of a particular country vis-à-vis the United States,” Mr. Spicer said.

“It’s a question of where America’s place is going to be and where American workers are going to be in his agenda.”

Renegotiation of the North American free-trade agreement will be one of the first things on the agenda of the new administration, veteran Canadian trade lawyer Lawrence Herman predicted Tuesday.

“While Mr. Trump’s arrows are aimed at Mexico, Canada is directly in target range on a variety of fronts,” Mr. Herman said in a blog post.

On Tuesday, Prime Minister Justin Trudeau and David MacNaughton, Canada’s ambassador to the U.S., released a video message to the new U.S. Congress, stressing the importance of the Canada-U.S. economic relationship.

“We’re the largest international customer for goods and services made in the U.S.A.,” Mr. Trudeau says in the video.

“And not only do we buy from you, but we’re also part of the world’s most advanced economy: American and Canadian companies work closely together to develop and sell our products to the world.”

The developments coincide with Mr. Trump’s naming on Tuesday of veteran trade lawyer Robert Lighthizer as United States trade representative.

Mr. Lighthizer, a deputy U.S. trade representative during the Reagan administration, was part of the team that negotiated the original Canada-U.S. free-trade agreement in 1988. Mr. Lighthizer, who holds the title of ambassador, has also been strongly critical of Chinese trade practices.

“Ambassador Lighthizer has extensive experience striking agreements that protect some of the most important sectors of our economy, and has repeatedly fought in the private sector to prevent bad deals from hurting Americans,” Mr. Spicer told reporters.

Ford’s about-face came after it was the subject of strident attacks by Mr. Trump during the election campaign, although the auto maker said it has not changed plans to shift production of its Focus compact car to Mexico from a plant in Wayne, Mich.

So far, Mr. Trump has confined his criticism to companies shifting jobs to Mexico, but the Detroit Three auto makers promised \$1.5-billion (Canadian) in new investment at their Canadian operations during union negotiations last fall, so Canada could end up in the crosshairs of a protectionist U.S. administration.

Jerry Dias, president of Unifor, who negotiated the contracts that led to the promises of new investments by Ford, GM and Fiat Chrysler Automobiles NV, said he believes those investments will go ahead, but will seek reassurances from officials of the three companies when he meets with them in Detroit later this month.

“There’s bigger fish to fry than looking north of the border,” said Mr. Dias, who pointed to vehicle imports from South Korea and Japan as potential targets for the next U.S. president.

The union leader supports the renegotiation of NAFTA, which Mr. Trump has called one of the worst deals ever made by a U.S. president.

“It’s been a disaster for Canadian workers; it’s been a disaster for U.S. workers,” Mr. Dias said.

GM committed to spending \$550-million at its Canadian operations during the four-year contract it signed with Unifor.

Work has already begun at a GM assembly plant in Oshawa, Ont., said David Paterson, General Motors of Canada Ltd. vice-president of corporate affairs.

GM’s response to Mr. Trump’s tweet about its Chevrolet Cruze compact car noted that the vast majority of the Cruze models it sells in the United States are sedans assembled in Lordstown, Ohio. A small number of Cruze hatchback models are imported from Mexico into the United States.

Ford chief executive officer Mark Fields told a news conference in Flat Rock, Mich., that the auto maker is optimistic Mr. Trump will put in place policies that will enhance the competitive position of U.S. manufacturers.

Ford was the sharpest critic of the Trans-Pacific Partnership (TPP) trade agreement, signed by the outgoing administration of U.S. President Barack Obama. Mr. Trump has promised to scrap that deal.

The decision to scrap the Mexican plant was made in part because of sagging demand for sales of compact cars, Mr. Fields said.