

# Ford executive says may boost production in China to avoid tariffs

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Ford is looking at speeding up plans to build more Lincoln models in Chinese plants amid the growing trade war with the United States that

has made US exports less attractive, a senior executive said Monday.

Joseph Hinrichs, Ford's executive vice president for global operations, said he did not see any easy resolution to the [trade](#) dispute between the United States and China.

President Donald Trump on Monday imposed tariffs on an additional \$200 billion in Chinese goods, prompting swift retaliation from Beijing on \$60 billion in US products.

"We have long been advocates for balanced and free trade," Hinrichs said. "We continue to encourage both the US administration and the Chinese government that it's in everyone's interest to work out their differences."

But, he said, "I believe this US-China discussion will go on for a while."

The increasing exchange of tariffs makes it difficult to plan for the future and with tariffs on vehicles exported to China now reaching 40 percent there is no business case for exporting vehicles from the United States, he said.

"China is a core businesses for us," he said, but added, "You're talking about two very powerful economies so we're going to have to plan accordingly."

The company has been planning to launch new vehicles in China to halt its recent slide in that market, he said.

Ford recently announced it was scrapping plans to import the compact Focus model from Chinese plants into the US market due to the tariffs.

## **Canada should stay in NAFTA**

Hinrichs also said he hoped a breakthrough on a revised North American Free Trade Agreement could be achieved this week on the sidelines of the United Nations General Assembly in New York to keep Canada in the continental trade pact.

"We need a three-way auto agreement," Hinrichs said, noting that the deal struck last month between the United States and Mexico could serve as a basis for a more complete agreement that includes Canada.

"I'm worried a little bit that time will catch up with us," he said at a luncheon, noting that he had spent more time in Washington DC working on trade issues than ever before.

US and Canadian negotiators have spent more than a month trying to resolve remaining differences after Washington sealed a tentative deal with Mexico City which they intend to sign by December 1, when a new government takes office.

The auto industry is key to NAFTA and the free trade deal is critical to the North American supply chain.

Hinrichs said that while "the language of US-Mexico trade agreement should work for Canada" in the auto sector, the remaining sticking points centered on other topics like lumber, dairy and cultural issues.

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