The New York Times

“The future of the U.S. auto industry is at stake, and Mr. Trump is being shortsighted,” said Dan Becker, director of the Safe Climate Campaign.

Mr. Becker and other environmental activists argue that the auto companies have the technology necessary to meet the 2025 standards set by the Obama administration. Moreover, they contend that any increase in sticker prices from fuel-saving equipment would be more than offset by savings consumers get at the gas pump.

Trump, Easing Emissions Rule, Vows to Expand Auto Jobs

By BILL VLASIC MARCH 15, 2017

YPSILANTI, Mich. — President Trump came to the heart of the auto industry on Wednesday with a manifesto for American manufacturing: to remove the shackles of regulation and restore an age of industrial glory.

Granting the automakers their top wish, Mr. Trump halted an initiative by the Obama administration to impose stringent fuel-economy standards by 2025 — rules meant to cut carbon emissions and meet international commitments to address climate change.

Instead, Mr. Trump vowed to keep cutting regulations as a means to accelerate economic growth and add new jobs.

“The assault on the American auto industry is over,” he declared.

The move to reopen the government’s review of the standards will allow automakers to argue for less stringent — and less costly — mileage standards than the target of 54.5 miles per gallon set in 2012 by President Barack Obama.

But the Trump administration is expecting things from the automakers in return for its pro-industry stance: new American jobs, and less investment in foreign operations.

And while Mr. Trump vowed to improve business conditions at home, he pledged again to stop the flow of automotive investment and jobs to Mexico under the North American Free Trade Agreement, which he termed “a total disaster.”

“We want to be the car capital of the world again,” the president said. “And we will be.”

The announcement on pollution standards was delivered before hundreds of auto executives and workers in a former assembly plant near Detroit. It drew sharp criticism from environmental groups contending that laxer regulations would increase global warming and hurt consumers.

But Mr. Trump had little to say about climate change or fuel prices on Wednesday, preferring to focus on his evolving economic doctrine, which he termed “the American model” for stimulating growth and business expansion.

“Under this system, we will reduce burdens on our companies and on our businesses,” Mr. Trump said. “But, in exchange, companies must hire and grow in America.”

His policies will get their initial test with an auto industry that was was brought to its knees by the recession eight years ago and required an $80 billion taxpayer bailout, including the government-sponsored bankruptcies of General Motors and Chrysler.

But now the industry is coming off two straight years of record sales in the United States, and automakers are flush with profits.

By acceding to the automakers’ plea for regulatory relief, Mr. Trump is challenging them to funnel more resources into their American manufacturing operations.

One auto industry analyst said the decision to reopen fuel-economy negotiations appears to have been brokered during meetings between the president and the chief executives of the three big American automakers — G.M., Ford Motor and Fiat Chrysler — shortly after he took office.

“We believe an ‘art of the deal’ may have been struck trading jobs for regulatory relief,” the analyst, Brian Johnson of Barclays, wrote in a letter to investors on Wednesday.

Detroit auto executives have been tight-lipped about their give-and-take with the White House. All three companies have, however, already made promises to add or retain thousands of American jobs in response to Mr. Trump’s previous criticisms of their investments in Mexico.

And just hours before Mr. Trump’s speech on Wednesday, G.M. said it would create 220 additional jobs in a Michigan transmission plant and retain 680 workers who were facing layoffs at another factory.

Without mentioning the president’s decision on fuel standards, G.M.’s chief executive, Mary T. Barra, said the new and preserved jobs underscored the “overall positive outlook for the auto industry and the U.S. economy.”

Mr. Trump called G.M.’s move “just the beginning” of a new era of job growth in the industry. “That’s peanuts,” he said. “We’re going to have a lot more. They’re going to be building new plants, expanding their plants.”

But automakers may be hard-pressed to meet Mr. Trump's expectations.

The financial collapse of the industry during the recession is still a fresh memory, and companies have streamlined their manufacturing operations to eliminate costly excess capacity.

Adding new plants in a market at its peak could upset the industry's steady recovery and jeopardize the big profits earned in recent years on larger vehicles like pickups and sport utility vehicles.

Automakers are also spending heavily on new technology for autonomous vehicles, yet they are not near the point of building plants to produce self-driving models.

And despite the blooming partnership between the industry and the Trump administration, there are lingering worries among automakers about the potential for a border tax on imports from Mexico and elsewhere.

A tax on imported models could raise prices on several vehicles in high demand by American consumers, including pickup trucks made in Mexico by G.M. and Fiat Chrysler.

But Mr. Trump has an unlikely ally in Detroit for a tax on Mexican imports: the United Automobile Workers union, which supports his plan to renegotiate Nafta.

The union's president, Dennis Williams, has praised Mr. Trump for his position on Mexican trade. "We've been hollering about this for 20 years and he is the first president who has brought this up," Mr. Williams said last month in a meeting with reporters. He was less supportive of Mr. Trump's move to cut back on fuel-economy rules, noting that consumers benefit directly from improved mileage on new cars and trucks.

Despite reopening the review of the fuel standards, Mr. Trump notably did not initiate any action to revoke the waivers of states, in particular California, to set their own emissions rules. That leaves California with the ability, for now, to impose stricter standards than whatever is ultimately decided by federal regulators.

The fuel-economy rules, aimed at cutting heat-trapping carbon dioxide, were a pillar of President Obama's climate change legacy. They would have required automakers to nearly double the average fuel economy of new cars and trucks to 54.5 miles per gallon by 2025, forcing automakers to speed development of highly fuel-efficient vehicles, including hybrid and electric cars.

In the final days of the Obama administration, the Environmental Protection Agency affirmed the standards, despite the automakers' appeals for further review.

The review of the fuel rules will now stretch into 2018, and environmental groups are preparing for a fierce debate on the need for strict standards to combat climate change.

“The future of the U.S. auto industry is at stake, and Mr. Trump is being shortsighted,” said Dan Becker, director of the Safe Climate Campaign.

Mr. Becker and other environmental activists argue that the auto companies have the technology necessary to meet the 2025 standards set by the Obama administration. Moreover, they contend that any increase in sticker prices from fuel-saving equipment would be more than offset by savings consumers get at the gas pump.

Coral Davenport contributed reporting from Washington.

A version of this article appears in print on March 16, 2017, on Page A14 of the New York edition with the headline: Trump Moves to Kill Mileage Rule in Step to End ‘Assault’ on Carmakers. Order Reprints| Today's Paper|Subscribe