



North American Free Trade Agreement NAFTA

CANADIAN VEHICLE MANUFACTURERS' ASSOCIATION

CVMA Members are:

- ◆ FCA Canada Inc.
- ◆ Ford Motor Company of Canada, Limited
- ◆ General Motors of Canada Company

- ✓ For over a century these companies have contributed to the Canadian economy, employing hundreds of thousands of workers and producing millions of vehicles.
- ✓ CVMA members are responsible for 60% of all Canadian vehicle production.
- ✓ As global companies, CVMA members are supportive of free and balanced trade opportunities that support Canada's footprint.

Auto Economic Contributions:

- In 2016, vehicles were the top Canadian export, valued at \$63 billion of which 97% was exported to the U.S.
- Direct industry employment in Canada is at least 130,000 and over 500,000 both indirectly and directly.
- The majority of these jobs – at least 124,000 – are located in Ontario.
- The automotive manufacturing industry regularly contributes over \$20 billion to GDP.
- Auto and parts production accounted for about 16.8% of manufacturing sales in 2016 and for about 1.1% of total Canadian GDP (not including spinoffs).
- The auto industry is one of the largest "Green Tech" sectors in the world, investing greater than \$200 billion in fuel efficiency and "green tech".

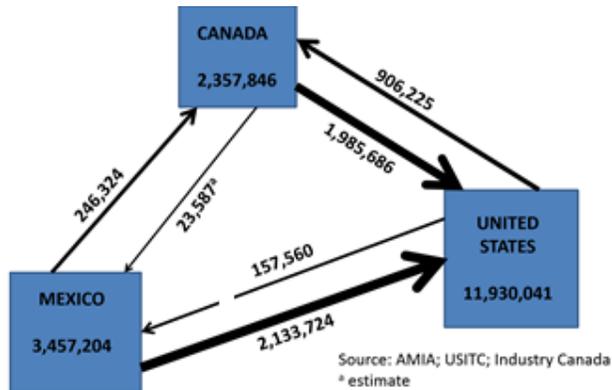
Key Considerations:

- Since the Auto Pact of 1965, Canada's Auto industry and its supply chains have become deeply integrated with the United States and, over time, with Mexico. We build vehicles seamlessly on both sides of the border and the resulting deep integration has led to a more competitive auto industry and greater consumer choice of vehicles that are more affordable.
- Vehicles and auto parts are designed, tested and produced seamlessly on both sides of the border for use in either market. Recognition of harmonized Canada-U.S. regulatory requirements is key. It is important that we do not lose sight that Canada and the U.S. build vehicles together and have largely shared driving conditions, infrastructures, and environment and public policy objectives.

NAFTA FACTS

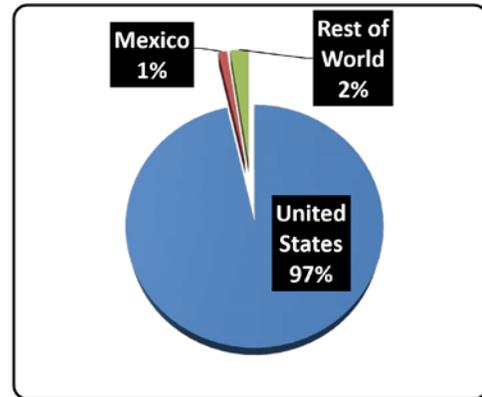
- Canada, Mexico, and the United States together produced more than 17.8 million light vehicles in 2016.
- Automakers look at NAFTA as a 20 million unit light vehicle market.
- North American integration creates market and production scale
- Since the implementation of NAFTA, the North American economy has expanded, with the combined gross domestic product (GDP) for Canada, the U.S. and Mexico reaching USD \$20.7 trillion in 2015.
- Autos account for 20% of total NAFTA trade (\$230 billion)
- Canada/U.S. auto trade is already balanced, with the U.S. benefitting slightly more in terms of auto parts sales to Canada.
- While Canadian assembled vehicles have slightly more U.S. content (parts and materials) than from Canadian sources, any disruption of the integrated supply chain will impact U.S. auto supplier jobs as much, if not more than, our own.

2016 NAFTA Vehicle Production & Trade Flows (Units)



Source: Queen's University, J. Holmes

2016 Canadian Vehicle Exports 62.87 billion



CVMA Member Assembly:

FCA	
Brampton, Ontario	Chrysler 300, Dodge Challenger, Dodge Charger
Windsor, Ontario	Dodge Grand Caravan, Chrysler Pacifica, Chrysler Pacifica Hybrid
Toronto, Ontario	Aluminum Die Castings, Pistons for a variety of FCA vehicles
Ford	
Oakville, Ontario	Ford Edge, Flex, Lincoln MKT, MKX
Windsor, Ontario	Engines (Windsor Plant)
Windsor, Ontario	Engines (Essex Plant)
GM	
Oshawa, Ontario	Chevrolet Equinox
Oshawa, Ontario	Chevrolet Impala, Buick Regal, Cadillac XTS
Ingersoll, Ontario	Chevrolet Equinox, GMC Terrain
St. Catharines, Ontario	V6 and V8 engines, six speed front-wheel-drive transmissions



References

- "NAFTA Briefing: Trade benefits to the automotive industry and potential consequences of withdrawal from the agreement" – Centre for Automotive Research 2017.
- "APRC Canadian Automotive Manufacturing Industry Profile 2014", Brendan Sweeney, October 2014
- Canadian Manufacturers' & Exporters (CME), Mike Holden. (March 17, 2017)
- 2016 Statistics Canada & US Census Bureau Data
- Statistics Canada, US BEA, INEGI