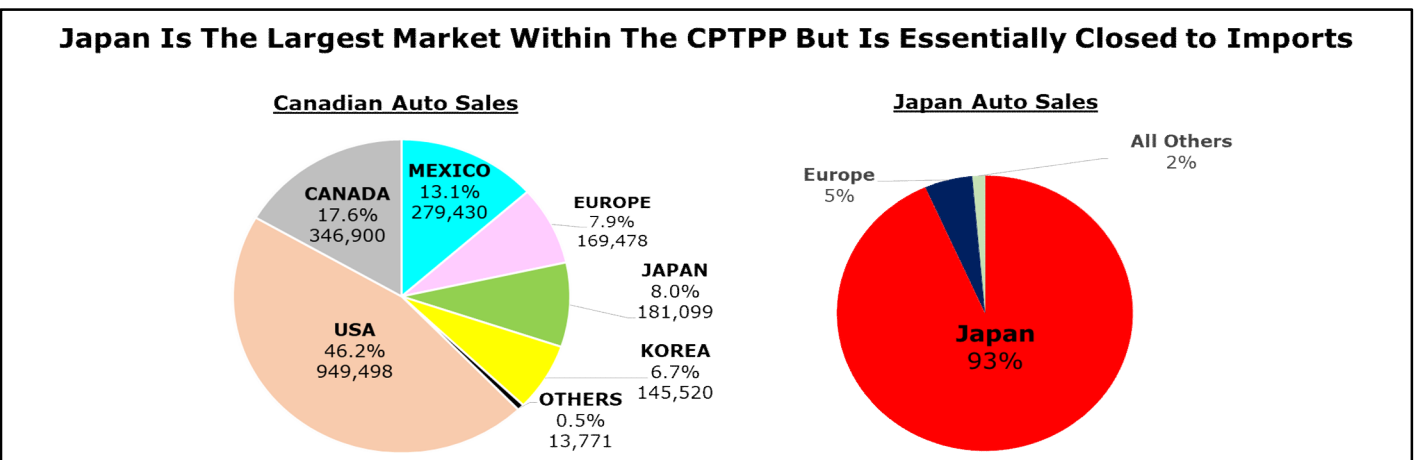
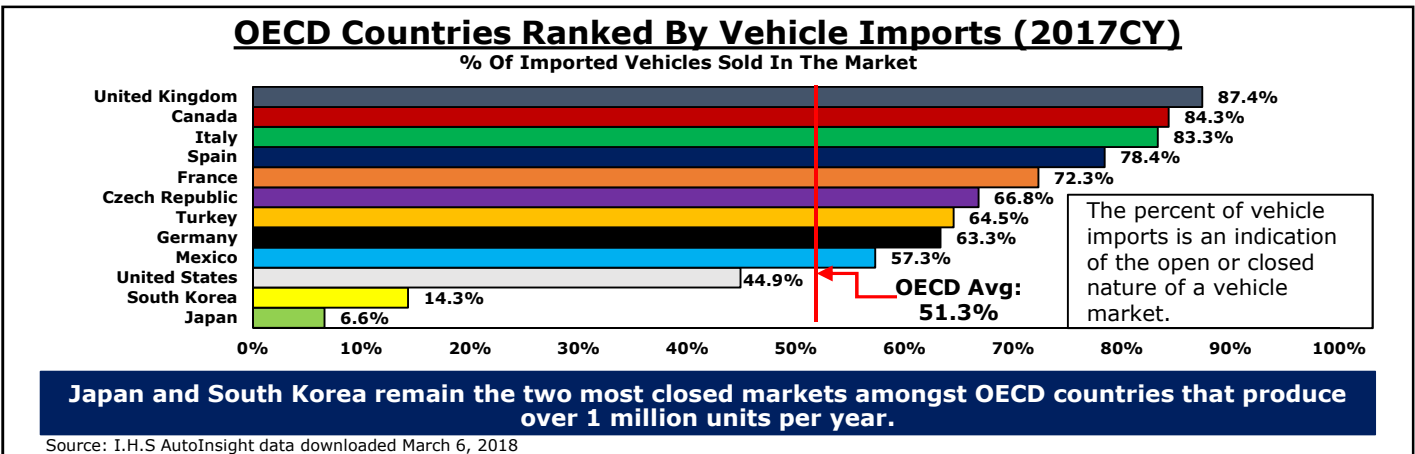


# Comprehensive & Progressive Agreement for Trans-Pacific Partnership (CPTPP) – Automotive Fact Sheet

- Although CPTPP includes 13.5% of the world’s economy, there is little opportunity to increase Canadian auto exports
- Japan, the largest vehicle market in the CPTPP is also one of the most closed markets in the world for vehicle imports
- CPTPP will provide about \$200 million a year in tariff relief to companies that produce vehicles in Japan for sale in Canada
- The CPTPP’s lower content levels for auto parts and vehicles will allow more low cost foreign parts content in imported vehicles
- Fails to address existing non-tariff barriers that currently prevent Canadian exports to Japan
- Reinforces the significant trade imbalance between Canada and Japan - currently, for every 1 vehicle Canada exports to Japan, Japan exports 900 units to Canada
- The transformation of steel into automotive products will confer CPTPP benefits to non-member countries (China) and undermine North American value chains.
- No appreciable auto parts supply export growth is expected to the other CPTPP countries; it is expected that more foreign parts will be supplied from the other 10 CPTPP countries to Canada at the expense of current Canadian suppliers on North American vehicles
- Global investment decision makers will see this as Canada giving away competitive advantage
- Creates an incentive to move production offshore and simply ship into Canada like everyone else



### Vehicle Exports

1 vehicle →

Canada for every Japan

← 900 vehicles

Number of Vehicles	2017	2016	2015	2014
Japan to Canada	180,283	167,846	154,459	137,159
Canada to Japan	162	239	434	509

Source: I.H.S AutoInsight data downloaded March 6, 2018

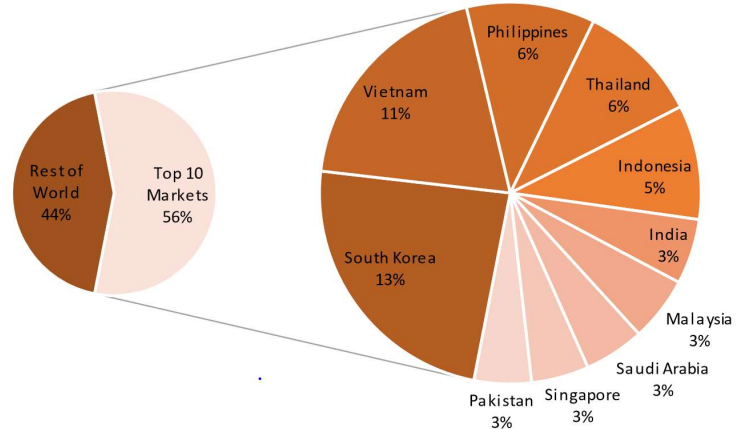
## CPTPP Vehicle Market Statistics (2017CY)

CPTPP Countries	Domestic Production	Domestic Sales	Global Market Ranking by Vehicle Sales	Current Auto Tariff applied to Canadian Exports
Australia	92,362	1,170,933	16	5%
Canada	2,169,999	2,038,668	10	Not Applicable
Chile	0	350,925	31	0%
Japan	9,224,934	5,134,841	3	0%
Malaysia	499,752	588,436	23	10% - 30%
Mexico	3,928,172	1,530,312	14	0%
New Zealand	0	155,483	46	0% - 10%
Peru	0	172,524	43	0% - 9%
Singapore	0	104,770	53	0%
Vietnam	155,910	219,517	41	70%
<i>Brunei</i>	<i>Not Avail.</i>	<i>Not Avail.</i>	<i>Not Avail.</i>	<i>0%</i>

Source: I.H.S AutoInsight data downloaded March 6, 2018

## China's Steel Exports - Top 10 Markets 2016 - Millions of Metric Tons

The CPTPP does not protect against the importation of steel to CPTPP member countries for transformation into other products. For example, Vietnam could import steel from China, stamp, and then export an auto part that is considered 100% originating under CPTPP.



Source: IHS Global Trade Atlas

### Non-tariff barriers (NTBs)

- Impact our ability to penetrate Asia-Pacific markets
- Since January 1, 2018, Vietnam, one of the CPTPP countries has effectively closed its borders to vehicle imports with Auto Decree 116 – multitude of new requirements and creating an inability to comply i.e. required use of importer customs document that is currently unavailable (see handout)

### NTBs include:

- Quotas
- Licenses
- Embargo
- Taxes designed to apply to imported vehicles only
- Unique Regulatory standards (*i.e.*: license plate size, power window requirements, bumper configurations)
- Income tax audits on customers of foreign imports
- Currency Manipulation

**Side letters provide little assurance that Canada will be able to access historically closed markets, including Japan.**