NAFTA – U.S.-Mexico-Canada Agreement - Autos

- North American passenger vehicle content requirement increases from 62.5% to 75%;
- Heavy duty truck content to 70%; Auto parts content will range in 3 tiers from 65% to 75%;
- Steel, Aluminum Vehicle Content – 70% of steel, aluminum must originate in North America;
- Steel must be “melted and poured” in North America to meet auto standards (delayed 7 years);
- 40-45% of passenger vehicle, light truck final assembly completed by workers avg. over $16/hour;
- U.S. can impose 25% tariffs on Canadian, Mexican car/SUV imports over 2.6m vehicles;
- U.S. can impose 25% tariffs on Mexican auto parts imports over $108b/year; Canada for $32.4b
- Mexican Gov’t will determine quotas for which auto brands, auto parts exported to U.S.

Steel, Aluminum, Parts levels (Regional Value Content) and Wage rates (Labor Value Content) apply only to Auto OEMs
<table>
<thead>
<tr>
<th>Regional Value Content</th>
<th>Light Vehicles</th>
<th>Core Parts</th>
<th>Principal Parts</th>
<th>Complementary Parts</th>
<th>Steel &amp; Aluminum</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-year transition, but automakers can appeal for a 2-year extension for a limited amount of production (“10%) if they have a “credible plan” to meet the new ROO</td>
<td>75%</td>
<td>75%</td>
<td>Includes tires, glass, pumps &amp; compressors, A/C, bearings &amp; bearing housings, electric motors used as primary source of propulsion, electric motors for electrical variable transmission, electromagnets, starter motors &amp; generators, bumpers, safety belts, brakes, road wheels, radiators, mufflers, clutches, airbags, seats, and parts of seats.</td>
<td>65%</td>
<td>Includes pipes, catalytic converters, valves, taps &amp; cocks, electric motors and universal AC/DC motors not exceeding 37.5KW, DC motors and generators not exceeding 750KW, other batteries, distributors &amp; ignition coils, electrical lighting, windshield wipers/defrosters, sound recording/reproducing apparatus, switches, insulating wiring sets, headlamps, electronic instruments &amp; measurement equipment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Labor Value Content</th>
<th>Overall</th>
<th>Passenger Cars</th>
<th>Pickup Trucks &amp; Cargo Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly wage (production/trades/temps) above $16 USD/hour. Can average within one country across class, model, or plant. Up to 10% credit for R&amp;D and IT content, up to 5% credit for assembly in high-wage region.</td>
<td>40%</td>
<td>At least 25% from materials &amp; manufacturing content.</td>
<td>At least 30% from materials &amp; manufacturing content.</td>
</tr>
</tbody>
</table>

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Up to 2.6 million passenger vehicles/year from each Canada and Mexico, an unlimited number of light trucks, and $32.4B USD (Canada) and $108B USD (Mexico) in parts will be exempt from any U.S.-imposed Section 232 tariff on imported vehicles or parts.

The parties will continue to negotiate to remove existing Section 232 tariffs on U.S. imported steel & aluminum; 10% aluminum and 25% steel tariffs remain in effect.

Canada and Mexico will have a 90-day period to negotiate an outcome if the U.S. chooses to impose Section 232 tariffs on any other goods and services.

MFN

Mexico ONLY – 1.6 million units of non-conforming production will be subject to existing MFN rates (2.5% on cars and parts, 25% on trucks and cargo vehicles) if the U.S. raises overall auto and parts MFN rates.