

CANADA AND THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

BENEFITS FOR CANADA (continued)

- ◆ The imbalance between Canada's open auto market and Mexico's highly restricted market has been addressed.
- ◆ Autos produced in Canada will have the same duty-free access to the Mexican market as autos produced in the U.S.
- ◆ New rules of origin reduce the likelihood of customs actions such as the ones against Honda.
- ◆ Creates certainty for the auto industry. Canada therefore remains a good place for foreign investors, including Asian auto manufacturers.
- ◆ Pressure on parts producers to relocate to Mexico to satisfy local content requirements has been relieved and will be eliminated in 10 years.
- ◆ Canada retains its high safety and emission standards for automotive products.

THE MEXICAN MARKET

- ◆ Mexico presently imports more than \$5 billion in automotive products from Canada and the United States.
- ◆ It is estimated that the market for imported automotive parts will grow at over 7% per year over the next 10 years, resulting in significant opportunities for Canadian companies.

CANADIAN EXPORT INTERESTS IN MEXICO

- ◆ Cars and trucks
- ◆ Auto parts
- ◆ Specialty vehicles
- ◆ Buses

COMMONLY ASKED QUESTIONS

Will the new 62.5% rules of origin discourage investment by Asian car makers?

The new 62.5% rule was agreed to after extensive consultation with all segments of the Canadian industry, including Asian car makers. The new content level, combined with the new rules of origin and eventual unrestricted access to the fast-growing Mexican market, will create additional opportunities for all segments of the Canadian auto sector.