



March 23, 2020

Hon. Chrystia Freeland  
Deputy Prime Minister  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Minister Freeland:

On behalf of the members of both GAC (Global Automakers of Canada) and JAMA Canada (Japan Automobile Manufacturers Association of Canada), we are writing to convey our profound concern about the proposed June 1, 2020 date for the entry into force of the Canada United States & Mexico Agreement (CUSMA).

While we fully support the expeditious ratification of the CUSMA through Parliament on March 13, we strongly urge that the proposed June 1 EIF date be delayed for two critical reasons: first, due to the growing uncertainty and global impact of Covid-19; and secondly, to allow sufficient time for negotiating a trilateral agreement on the automotive Uniform Regulations in the CUSMA, including the necessary consultations with industry to ensure the rules for compliance are clear and effective.

We are not alone, as major automotive groups in Canada, the US and Mexico have also voiced similar concerns regarding the need for a delay in the CUSMA/USMCA/T-MEC to January 1, 2021. (*see pdf documents attached*)

The importance of finishing the trilateral agreement on Uniform Regulations cannot be overstated. The automotive rules of origin in the CUSMA are not only more stringent with the increase in RVC from 62.5% to 75%, but also much more complex with new elements such as Labour Value Content, three parts categories (Core Parts, Principal Parts & Complementary Parts), as well as thresholds for steel and aluminum.

We have been advised by Canada's trade negotiators that the proposed June 1 EIF of the CUSMA will not allow time for either industry consultation or a trilateral agreement on the Uniform Regulations. Moreover, the creation of Uniform Regulations was an innovative and critical element in the 1994 NAFTA that effectively eliminated disputes that arose over automotive rules of origin in the 1989 Canada/US FTA – disputes that primarily involved Japanese vehicle manufacturing plants in Canada.

Recognizing the deeply integrated auto industry in North America as well as the importance of preferential trade to all of our members' operations in Canada, and the fact that we have had 25 years of dispute-free trade in autos and parts in the NAFTA, we strongly believe that it would not be in Canada's interest to proceed without a trilateral agreement on Uniform Regulations given the likelihood of disputes arising due to uncertainties regarding compliance.

Thank you for your attention to this urgent matter. Please do not hesitate to get in touch if you need further information.

Sincerely,



David Adams  
President  
Global Automakers of Canada

Tel: 416-333-2873    [dadams@globalautomakers.ca](mailto:dadams@globalautomakers.ca)



David Worts  
Executive Director  
Japan Automobile Manufacturers Association of Canada

Tel: 416-578-7734    [dworts@jama.ca](mailto:dworts@jama.ca)

cc:    Hon. Navdeep Bains, Minister of Innovation, Science & Industry  
      Hon. Mary Ng, Minister of Small Business, Export Promotion & International Trade  
      Hon. Bill Morneau, Minister of Finance