
THE AUTO INDUSTRY UNDER USMCA

Revitalizing the Auto Industry

- USMCA includes many innovative provisions designed to incentivize new investments in the North American automotive sector, to promote additional purchases of auto parts produced in the region, to create and support higher-paying jobs in the automotive industry, and to encourage automakers and suppliers to locate future production of new energy and autonomous vehicles in North America.

Innovative Provisions

- With the entry into force of the new trade agreement, USMCA, several new rules and regulations will roll out, which will guide the North American auto industry. Some of the new changes include:
 - Elevating Regional Value Content (RVC) requirements to 75 percent (vs. 62.5 percent under NAFTA) by 2023, with similarly high content thresholds for core, principal, and complementary parts.
 - New provisions require that at least 70 percent of the steel and aluminum purchased and used by automakers originate in North America.
 - Eliminates NAFTA rules that allowed producers to 'deem' non-North American content as originating, regardless of origin; this will reduce free-riding and help ensure auto components come from North America.
 - Introduces a first of its kind Labor Value Content (LVC) rule, which requires that a certain percentage of qualifying vehicles be produced by employees making an average of \$16 USD per hour..