

Subject to Legal Review for Accuracy, Clarity, and Consistency
Subject to Language Authentication

Dear Minister Freeland:

Recognizing that in the negotiations for United States – Mexico- Canada Agreement (USMCA) the United States and Canada (the “Parties”) have made changes to the automotive rules of origin compared to NAFTA 1994, and in order to support and enhance the existing manufacturing capacity and mutually beneficial trade of the Parties, if the United States imposes a measure pursuant to section 232 of the Trade Expansion Act of 1962, as amended, with respect to passenger vehicles classified under subheadings 8703.21 through 8703.90, light trucks classified under subheadings 8704.21 and 8704.31, or auto parts, the United States shall exclude from the measure:

- (1) 2,600,000 passenger vehicles imported from Canada on an annual basis
- (2) light trucks imported from Canada; and
- (3) such quantity of auto parts amounting to 32.4 billion U.S. dollars in declared customs value in any calendar year.

The Parties will determine how to monitor and allocate or otherwise administer quantities of passenger vehicles and auto parts eligible for this treatment. The Parties may also discuss any modifications to the quantities described above due to changes in production, capacity, or trade.

Canada may have recourse to the dispute settlement procedures in Chapter 20 (Institutional Arrangements and Dispute Settlement Procedures) of the NAFTA 1994 or the dispute settlement chapter of USMCA, whichever is in effect at the time a dispute arises, only with respect to whether the United States has excluded the number of passenger vehicles and light trucks, and the value of auto parts as set out above, from a measure taken pursuant to section 232 of the Trade Expansion Act of 1962, as amended. Those procedures are incorporated and made part of this agreement *mutatis mutandis*.

I have the honor to propose that this letter and your letter in reply shall constitute an agreement between our two Governments, which shall enter into force on the date of your letter in reply.