



USMCA 101 – Part 2

We hope you enjoyed [Part 1](#) of our United States-Mexico-Canada Agreement (USMCA) 101 series, which broke down the basics of the trade agreement. Now we want to dive in a bit and discuss USMCA's impact to GM and where we stand on the issue.



How Does USMCA Impact GM?

GM is heavily invested in the U.S., but the new USMCA rules of origin requirements provide the certainty we need to continue our commitment to the region and support our company's and the industry's success in the U.S. Our industry requires long lead times and we need clarity to make critical business decisions with confidence to optimize GM's performance.

Even with a North American supply base already heavily sourced in the United States, USMCA's increased Regional Value Content (RVC) and new Labor Value Content (LVC) requirement reinforces the need to source components in North America.

- To qualify for free trade under USMCA, vehicles will need to have 75% of their regional content come from North America, an increase from NAFTA's 62.5% requirement. A new RVC "core" requirement also means that companies must be mindful of sourcing as much of the "core" of the vehicle (engine, transmission, body & chassis, axle, suspension, steering, and advanced batteries (EV)) as possible from North America.

- The LVC requirement stipulates that an OEM source a specific percentage of a vehicle from suppliers paying at least \$16/hour (25% for cars and SUVs/CUVs, 30% for trucks).

USMCA also includes chapters on environmental impact and labor provisions that are applicable to our industry. Environmental stewardship is important to General Motors and is a key element of our commitment to reaching a world with zero crashes, zero emissions, and zero congestion. We will fully comply with the environmental provisions outlined in USMCA. The proposed labor provisions apply to all industries, including automotive. GM already has a represented workforce in North America with a history of strong labor practices within our collective bargaining agreements in the U.S., Canada, and Mexico.

What is GM's Position on USMCA?

GM believes that the USMCA is vital to the success of the North American auto industry. We have supported efforts to modernize the agreement in a way that strengthens our industry and positions us to be a global leader, and we believe the USMCA achieves that goal.

We are proud to work together with our broad and highly-integrated North American supply base, dealers, and employees to bring our customers the best vehicles, and we are advocating for Congress to approve USMCA to help continue our joint success.

We hope you have enjoyed this USMCA 101 series. Our collective voices can have an impact on Congressional ratification of the agreement. As developments occur, we intend to reach out to you for active support.

Have a question for GM Engage or GM Public Policy? Email us at GMWashington@gm.com.

[Privacy Policy](#) [Contact Us](#)

© 2018 General Motors