

## Chapter Ten

### Trade in Automotive Goods

#### Article 1001: Existing Arrangement

Each Party shall endeavour to administer the *Agreement Concerning Automotive Products between the Government of Canada and the Government of the United States of America* that entered into force definitively on September 16, 1966 in the best interests of employment and production in both countries.

#### Article 1002: Waiver of Customs Duties

1. Neither Party shall grant a waiver of otherwise applicable customs duties to a recipient other than those recipients listed in Annex 1002.1, nor shall either Party expand the extent or application of, or extend the duration of, any waiver granted to any such recipient with respect to:

- a) automotive goods imported into its territory from any country where such waiver is conditioned, explicitly or implicitly, upon the fulfillment of performance requirements applicable to any goods; or
- b) any goods imported from any country where such waiver is conditioned, explicitly or implicitly, upon the fulfillment of performance requirements applicable to automotive goods.

2. Waivers of customs duties granted to the recipients listed in Part Two of Annex 1002.1, where the amount of duty waived depends on exports, shall:

- a) after January 1, 1989 exclude exports to the territory of the other Party in calculating the duty waived; and
- b) terminate on or before January 1, 1998.

3. Waivers of customs duties granted to the recipients listed in Part Three of Annex 1002.1, where the amount of duty waived depends on Canadian value added contained in production in Canada, shall terminate not later than:

a) January 1, 1996; or

b) such earlier date specified in existing agreements between Canada and the recipient of the waiver.

4. Whenever the other Party can show that a waiver or combination of waivers of customs duties granted with respect to automotive goods for commercial use by a designated person has an adverse impact on the commercial interests of a person of the other Party, or of a person owned or controlled by a person of the other Party that is located in the territory of the Party granting the waiver of customs duties, or on the other Party's economy, the Party granting the waiver either shall cease to grant it or shall make it generally available to any importer. The provisions of this paragraph shall not apply to the waivers of customs duties to those recipients listed in Part One of Annex 1002.1 in accordance with the headnote to that Part or to the waivers of customs duties referred to in paragraphs 2 and 3 for the periods during which such waiver of customs duties may be conditioned upon the fulfillment of performance requirements set forth in paragraphs 2 and 3.

### **Article 1003: Import Restrictions**

Canada shall phase out the import restriction on used automobiles set out in tariff item 99215-1 of Schedule C to the *Customs Tariff*, or its successor, in five annual stages commencing on January 1, 1989 in accordance with the following schedule:

a) in the first year, used automobiles that are eight years old or older;

b) in the second year, used automobiles that are six years old or older;

- c) in the third year, used automobiles that are four years old or older;
- d) in the fourth year, used automobiles that are two years old or older; and
- e) in the fifth year and thereafter, no restrictions.

#### **Article 1004: Select Panel**

The Parties recognize the continued importance of automotive trade and production for the respective economies of the two countries and the need to ensure that the industry in both countries should prosper in the future. As the worldwide industry is evolving very rapidly, the Parties shall establish a select panel consisting of a group of informed persons to assess the state of the North American industry and to propose public policy measures and private initiatives to improve its competitiveness in domestic and foreign markets. The Parties shall also cooperate in the Uruguay Round of multilateral trade negotiations to create new export opportunities for North American automotive goods.

#### **Article 1005: Relationship to Other Chapters**

1. Chapter Three (Rules of Origin for Goods) applies to:
  - a) automotive goods imported into the territory of the United States of America; and
  - b) automotive goods imported into the territory of Canada under this Agreement.
2. In determining whether a vehicle originates in the territory of either Party or both Parties under paragraph 4 of Section XVII of Annex 301.2, instead of a calculation based on each vehicle, the manufacturer may elect to average its calculation over a 12-month period on the same class of vehicles or sister vehicles (station wagons and other body styles in the same car line), assembled in the same plant.
3. The provisions of Article 405 apply to the waiver of customs duties affecting automotive goods except where otherwise provided in this Chapter.
4. The list of recipients in Annex 1002.1 and the definition "class of vehicles" may be modified by agreement between the Parties.

## **Article 1006: Definitions**

For purposes of this Chapter:

**automotive goods** means motor vehicles and those goods used or intended for use in motor vehicles;

**Canadian manufacturer** means a person who manufactures automotive goods within the territory of Canada;

**class of vehicles** means any one of the following

- a) minicompact automobiles - less than 85 cubic feet of passenger and luggage volume,
- b) subcompact automobiles - between 85 and 100 cubic feet of passenger and luggage volume,
- c) compact automobiles - between 100 and 110 cubic feet of passenger and luggage volume,
- d) midsize automobiles - between 110 and 120 cubic feet of passenger and luggage volume,
- e) large automobiles - 120 or more cubic feet of passenger and luggage volume,
- f) trucks, or
- g) buses,

**NOTE:** A vehicle that may have more than one possible use (e.g., vans, jeeps) would be defined as either an automobile or truck based on whether it is designed and marketed principally for the transport of passengers or the transport of cargo;

**comparable arrangement** means arrangements whereby waivers of customs duties are granted to Canadian manufacturers upon the

fulfillment of conditions comparable to those described in the agreement referred to in Article 1001;

**customs duty** has the same meaning as in Article 410;

**performance requirements** has the same meaning as in Article 410;

**used automobiles** means used or second-hand automobiles and used or second-hand motor vehicles of all kinds that are manufactured prior to the calendar year in which importation into the territory of Canada is sought to be made; and

**waiver of customs duties** has the same meaning as in Article 410.

## Annex 1002.1

### Part One: Waivers of Customs Duties

The following Canadian manufacturers have qualified under the agreement referred to in Article 1001 and comparable arrangements or, on the basis of available information and projections, may be reasonably expected to qualify by the 1989 model year. The final list of those companies covered by the list below that so qualify will be provided by Canada to the United States of America within 90 days after the end of the 1989 model year.<sup>1</sup>

AMI Stego Limited  
Advance Engineered Products Ltd.  
Alforge Metals Corporation Limited  
Almac Industries Ltd.  
Amalgamated Metal Industries  
American Motors (Canada) Inc.  
American Motors (Canada) Limited  
American Motors (Canada) Ltd.  
Amertek Inc.  
Atelier Gérard Laberge Inc.  
Atlantic Truck and Trailer Limited  
Atlas 2,000 Inc.  
Atlas Hoist and Body Inc.  
Aurora Cars Limited  
Aurora Cars, a Division of Grove Ridge Industries Limited  
B.K. & B. Truck Bodies Limited

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<sup>1</sup> Waivers of customs duties shall cease being granted to any recipient listed in Part One of Annex 1002.1 if:

- a) effective control of the conduct and operation of the recipient's business or substantial ownership of its assets is acquired, directly or indirectly, by a manufacturer of motor vehicles that is not a listed recipient; and
- b) the fundamental nature, scope or size of the business of the recipient is significantly altered from the business of the recipient as carried on immediately prior to the acquisition of control or change in ownership.

B.T.L. Body Inc.  
Babcock Motor Bodies Limited  
Back Motor Bodies Ltd.  
Belgium Standard Industries, A Division of Amertek Inc.  
Bevcam Inc.  
Boîtes de Camion Alco Inc.  
Boîtes de Camion GAM Inc.  
Boîtes de Camion Saguenay (1987) Inc.  
Bombardier Inc., Logistic Equipment Division  
Bricklin Canada Limited  
Burke Canada Inc.  
CAMI Automotive Inc.  
Canadian Blue Bird Coach Ltd.  
Canadian Disposal Equipment Co. Ltd.  
Canadian Kenworth Ltd.  
Canassen Limited  
Capital Disposal Equipment Inc.  
Capital Truck Bodies  
Care Equipment Manufacturing Co. Ltd.  
Central Truck Body Co. Ltd.  
Champion Truck Bodies Limited  
Childs Truck Bodies Ltd.  
Chrysler Canada Ltd.  
Collins Manufacturing Company Limited  
Commercial Truck Bodies  
Commercial Vans Inc.  
Consolidated Dynamics Limited  
Contran Manufacturing Ltd.  
County Truck & Trailer, a Division of Peterson Vans Inc.  
CUSCO Industries, Division of CUSCO Fabricators Ltd.  
D. & C. Roussy Industries Ltd.  
DEL Equipment Limited, Division of Diesel Equipment Limited  
Deluxe Van & Body Ltd.  
Dempster Systems Limited  
Dependable Truck and Tank Repairs Ltd.  
Diesel Equipment Limited  
Dominion Truck Bodies Ltd.  
Dresser Canada, Inc.  
Durabody & Trailer Limited

Dynamic Fiber Ltd.  
Dynatel Inc.  
Eastern Steel Products/ Frink Canada, Division of Compro Limited  
Eastway Tank, Pump and Meter Co. Ltd.  
Edmonton Truck Body Ltd.  
Elcombe Engineering Ltd.  
Equipement Labrie Ltée  
F.A.D. Industries Inc.  
F.W.D. Corporation  
Fabricants de Boîtes de Camions BEL (1986) Inc.  
Fanotech Industries Inc.  
Fawcett Van & Stake Ltd.  
Fleet Truck Bodies  
Ford Motor Company of Canada Limited  
Forman Tank & Welding, Ltd.  
Fort Garry Industries Ltd.  
Freightliner of Canada Ltd.  
G. G. Cargo Trailer Industries Ltd.  
G. & G. Welding  
G.R. Patstone Ltd.  
General Motors of Canada Limited  
George C. Doerr Body and Trailer Co.  
Girardin Corporation  
Greyhound Canada Inc.  
H.E. Brown Supply Co.  
Hal-Vey Industries Ltd.  
Hayes Manufacturing Company Limited  
Hutchinson Industries  
Ideal Body Limited  
IMT Cranes Canada, Ltd.  
Intercontinental Truck Body B.C. Inc.  
Intercontinental Truck Body Ltd.  
Intermeccanica International Inc.  
J.H. Corbeil Inc.  
Jauvin Truck Bodies Limited  
Jean-Marc Vigeant Inc.  
Kaiser Jeep of Canada Limited  
Kamloops Allweld Aluminum Service Limited  
L. Knight & Co. Ltd.

Lennoxvan (1986) Inc.  
Les Carrosseries Fontaine (1979) Ltée  
Les Entreprises Michel Corbeil Inc.  
Les Industries Savard Inc.  
Mack Trucks Manufacturing Company of Canada Limited  
Marathon Electric Vehicles Inc.  
McEwan-Tougard Industries Limited  
MCI Limited  
Minoru Truck Bodies Ltd.  
Mond Industries Limited  
Morrison & Co. Ltd.  
Motor Coach Industries Limited  
Multi-Vans Inc.  
Navistar International Corporation Canada  
New Flyer Industries Limited  
Off-Highway Vehicles: Ceco Sales Limited  
Off-Highway Vehicles: Cypress Equipment Ltd.  
Off-Highway Vehicles: Euclid Canada  
Off-Highway Vehicles: General Motors of Canada Limited  
Off-Highway Vehicles: General Motors of Canada Limited, Diesel  
Division  
Off-Highway Vehicles: Mack Trucks Manufacturing Company of  
Canada Limited  
Off-Highway Vehicles: Paccar Canada Ltd.  
Off-Highway Vehicles: Pacific Truck & Trailer Ltd.  
Off-Highway Vehicles: Ume Canada  
Off-Highway Vehicles: Unit Rig & Equipment Co. (Canada) Ltd.  
Off-Highway Vehicles: Wabco Equipment of Canada  
Ontario Bus Industries Limited  
Ontario Fiberglass Production O/B 536794 Ont. Ltd.  
Ottawa Truck Bodies Ltée/Ltd.  
Paccar Canada Ltd.  
Parco-Hesse Corporation Inc.  
Peabody Myers (Canada), Division of Peabody International  
Canada Ltd.  
Pettibone Canada Limited  
Phil Larochelle (1977)  
Phil Larochelle Equipment Inc.  
Philwood Industries Ltd.

Pitman Manufacturing Co. Inc.  
PK Welding & Fabricators Limited  
Pollock Truck Bodies, Division of Pollock Rentals Limited  
Prevost Car Inc.  
Québec Truck Bodies Boîtes de Camions Inc.  
R & M Manufacturing Ltd.  
Raytel Equipment Ltd.  
Rebel Steel Industries Ltd.  
Red Top Equipment Company Limited  
Réfrigération Thermo King Montréal Inc.  
Reliance Truck and Equipment  
Remtec Inc.  
Roberts Truck Equipment Ltd.  
Rubber Railway Company Ltd.  
Sentinal Vehicles Limited  
Sheller-Globe of Canada Limited  
Sicard Inc.  
SMI Industries Canada Ltd.  
SMI Industries Limited  
Soudure G. & G. Ltée  
Sturdy Truck Body (1972) Limited  
Superior Bus Mfg. Ltd.  
Supravan Ltée  
Swartz Motor Bodies Limited  
Teal Manufacturing Ltd.  
The Electric & Gas Welding Co. Limited  
Thermo King Western (Calgary) Ltd.  
Thermo King Western Ltd.  
Thomas Built Buses of Canada Limited  
Tipping Motor Bodies Limited  
Toronto Kitchen Equipment Limited  
Tor Truck Corporation  
Trailmobile Group of Companies Ltd.  
Transit Van Bodies Inc.  
Triangle Truck Equipment Ltd.  
Triple E Industries Ltd.  
Truck Equipment & Service Co. Ltd.  
UTDC Inc.  
Universal Carrier Manufacturing Ltd.

Universal Handling Equipment Co.  
Universal Sales Limited  
Universal Truck Body Ltd.  
Univision Industries Limited  
V. Lacasse Ltée  
Vennes Boîte de Camion Inc.  
Volvo Canada Ltd.  
Vulcan Equipment Company Limited  
W.H. Olsen Manufacturing Co. Ltd.  
Wajax UEC Limited  
Walinga Body & Coach Limited  
Walter Canada Inc.  
Walter Motor Trucks of Canada Limited  
Welles Corporation Limited  
Westank-Willock, a Division of Willock Industries Ltd.  
Western Rock Bit Company Limited  
Western Star Trucks Inc.  
Western Utilities Equipment Co. Ltd.  
Wheels, Brakes and Equipment Limited  
White Motor Corporation of Canada Limited  
Wilcox Bodies Limited  
Wilson Motor Bodies Ltd.  
Wilson's Truck Bodies, a Division of L & A Machine (N.S.) Limited  
Wilson's Truck Body Shop Ltd.  
Wiltsie Truck Bodies Ltd.

## **Part Two: Export-Based Waivers of Customs Duties**

The following Canadian manufacturers have qualified for export-based waivers of customs duties or, on the basis of available information and projections, may be reasonably expected to qualify by the date of entry into force of this Agreement. Canada shall provide the United States of America with the final list of those companies on this list that have qualified as of the date of entry into force of this Agreement.

BMW Canada Inc.  
Fiat Canada  
Honda Canada Inc.

Hyundai Auto Canada Inc.  
Jaguar Canada Inc.  
Mazda Canada Inc.  
Mercedes-Benz of Canada Inc.  
Nissan Automobile Company (Canada) Ltd.  
Peugeot Canada Ltée/Ltd.  
Saab-Scania Canada Inc.  
Subaru Auto Canada Limited  
Toyota Canada Inc.  
Volkswagen Canada Inc.

### **Part Three: Production-Based Waivers of Customs Duties**

The following Canadian manufacturers have qualified for production-based waivers of customs duties or, on the basis of available information and projections, may be reasonably expected to qualify by the date of entry into force of this Agreement. The final list of those companies covered by the list below that so qualify will be provided by Canada to the United States of America within 90 days after the end of the 1989 model year.

CAMI Automotive Inc.<sup>2</sup>

Honda Canada Inc./Honda of Canada Mfg., Inc.

Hyundai Auto Canada Inc.

Toyota Motor Manufacturing Canada Inc.

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<sup>2</sup> If it fails to qualify under Part One.