

Tariffs and Trade Policy

A Brief History ...

- In 1965, the Auto Pact was signed between the US and Canada. Canada decided to make the Auto Pact multilateral, while the US obtained a GATT waiver for a bilateral agreement.
- To attract other foreign investment, Canada established duty remission programs to extend Auto Pact benefits to other companies. Remissions were enhanced during the 1970's and 1980's.

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A Brief History ...

- In 1989, the Canada / US Free Trade Agreement was signed. In the FTA, the Auto Pact was closed to new entrants, but remissions and drawback continued to 1996.
- In 1996, when remissions ended, tariffs on auto parts for production in Canada were eliminated.
- In 1998, after the Federal Government decided not to lower tariffs on finished vehicles, Japan and EU requested a WTO dispute settlement panel.

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A Brief History ...

- In February 2000, the WTO panel report confirms the Auto Pact in Canada to be inconsistent with international trade rules. Canada appeals the decision. In May, the findings were upheld in the appellate report and adopted by the Dispute Settlement Body of the WTO.
- Following a WTO Arbitrator's Report in October, the Canadian government decides to fully comply and undertakes measures to repeal the Auto Pact and all Special Remission Orders as of February 18, 2001.

Trade & Tariff Policy Position

- In practical terms, JAMA Canada continues to urge the Government of Canada to adopt trade policies that are open, transparent and non-discriminatory, to ensure equal treatment for all automakers in Canada.
- Moreover, we urge the Canadian Government to make a commitment to remove the Most Favoured Nation (MFN) tariff on finished vehicles as soon as possible.

Trade & Tariff Policy Position

- By eliminating import duties on finished vehicles, Canada would also be matching the current 0% MFN tariff on vehicles and parts in Japan.
- Canada's auto industry today is as strong as it has ever been due to international competition and cooperation, not protectionism and managed trade.

Trade & Tariff Policy Position

- Over 80% of all autos made in Canada are exported, while the majority of vehicles sold in Canada are imported.
- With twice as much production as consumption in Canada, tariffs only add non-manufacturing costs that, in a highly competitive market, are a burden for both automakers and consumers.