

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2528

28 December 1965

Limited Distribution

UNITED STATES IMPORTS OF AUTOMOTIVE PRODUCTS

Decision of 20 December 1965¹

Having been notified that the Governments of the United States of America and Canada concluded on 16 January 1965 an agreement providing for duty-free treatment for trade in automotive products between their two countries;

Having received the request of the Government of the United States for a waiver from their obligations under paragraph 1 of Article 1 of the General Agreement in accordance with paragraph 5 of Article XXV;

Considering that the automotive industries of the United States and Canada are characterized by an exceptionally high degree of integration, and

Considering that, by reason of the close similarity of market conditions in the two countries and the close relationship which exists and could be further developed in their production facilities of automotive products, there are special factors which offer exceptional opportunities further both to rationalize the production of automotive products in the two countries and integrate production facilities and to increase the efficiency of United States/Canadian automotive production;

Considering moreover that the Government of the United States accepts that the facilities granted in paragraph 1 below should not be used in a way to prejudice the interests of other contracting parties and that it is not its intention to cause imports into the United States market of automotive products imported from Canada to replace imports of like products from other sources;

Taking note of the declaration of the Government of the United States and Canada that they will continue their efforts to seek reduction or elimination of tariff and non-tariff barriers to the expansion of international trade in automotive products; and

Noting, furthermore, the assurances given by the Government of the United States that it will, upon request, promptly enter into consultations with any contracting party to the GATT considering that the elimination of the United States duties on Canadian automotive products is causing or imminently threatens to cause a significant increase of imports of any such products from Canada at the expense of imports from the requesting contracting party;

THE CONTRACTING PARTIES

Decide, in accordance with paragraph 5 of Article XXV of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956, as follows:

¹The Decision was adopted by 41 votes in favour and none against.

1. The Government of the United States, notwithstanding the provisions of paragraph 1 of Article I of the General Agreement, is free to eliminate the customs duties at present imposed on automotive products of Canada without being required to extend the same tariff treatment to like products of any other contracting party.
2. The Government of the United States shall enter into consultations with any contracting party that requests consultation on the grounds (i) that it has a substantial interest in the trade in an automotive product in the United States market, and (ii) that the elimination of customs duties by the United States on imports of that automotive product from Canada has created or imminently threatens to create a significant diversion of imports of that automotive product from the requesting contracting party to imports from Canada.
3. If, in consultations in accordance with paragraph 2 above, it is agreed there is no significant diversion or imminent threat of diversion of trade in the sense of that paragraph, the waiver shall continue to apply.
4. In the event the parties to consultation in accordance with paragraph 2 above agree there has been a significant diversion or is an imminent threat of diversion of trade, the waiver shall terminate in accordance with paragraph 5, with respect to the automotive product or products in question. If the parties to consultation fail to reach agreement, either may refer the question whether the requesting party has a substantial interest or whether there has been a significant diversion or is an imminent threat of diversion of trade to the CONTRACTING PARTIES. If the CONTRACTING PARTIES decide that the requesting country has a substantial interest and that there has been a significant diversion or is an imminent threat of diversion of trade, the waiver shall terminate in accordance with paragraph 5, with respect to the automotive product or products in question.
5. Unless the requesting party has previously withdrawn its request, any termination of this waiver pursuant to paragraph 4 shall take effect on the ninetieth day after agreement by the parties to consultation, or after a finding by the CONTRACTING PARTIES, with respect to diversion or imminent threat of diversion of trade.
6. In addition to receiving an annual report as referred to in the procedures adopted by the CONTRACTING PARTIES on 1 November 1956, the CONTRACTING PARTIES will, two years from the date when this waiver comes into force and, if necessary, biennially thereafter, review its operation and consider how far in the circumstances then prevailing the United States would continue to need cover to implement the agreement with Canada, having regard to the provisions of paragraph 1 of Article I of the GATT.
7. For the purposes of this Decision, the phrase "automotive product" or "automotive products" shall mean a product or products listed in the Annex hereto, as they are described in the Tariff Schedules of the United States.

ANNEX

List of Automotive Products Referred to in the Waiver

<u>TSUS Number</u>	<u>Product Description</u>
692.05	Automobile trucks valued at \$1,000 or more, and motor buses (not including any electric trolley-bus, three-wheeled vehicle or trailer accompanying an automobile truck tractor)
692.10	Other motor vehicles (except motorcycles) for the transport of persons or articles (not including any three-wheeled vehicle)
692.20 (part)	Chassis for automobile trucks and motor buses (except chassis for an electric trolley-bus or a three-wheeled vehicle)
692.22 (part)	Chassis for other motor vehicles except chassis designed primarily for a motor vehicle specially constructed and equipped to perform special services or functions or for a three-wheeled vehicle
692.27 (part)*	Automobile truck tractors

The following, if "original motor vehicle equipment":

692.20 (part)	Bodies for automobile trucks and motor buses
692.22 (part)	Bodies for other motor vehicles
692.24	Cast iron (except malleable cast iron) parts, not alloyed and not advanced beyond cleaning, and machined only for the removal of fins, gates, sprues, and risers or to permit location in finishing machinery
692.27 (part)	Other parts (transmissions, wheels, brake drums, bumpers, radiators, tail pipes, steering gear assemblies, mufflers, etc.)
360.20-360.70 360.80 361.80-361.85	Textile floor coverings and floor covering underlays made up for automotive use
516.71-516.76 516.94	Mica components for electrical equipment
646.20 646.40-646.42 646.49-646.78	Fasteners (staples, rivets, cotters, cotterpins, screws, belts, nuts, studs, etc.)
652.12-652.38	Timing chains and other chains

<u>TSUS Number</u>	<u>Product Description</u>
657.09-658.00	Ornaments; decorative trim units, miscellaneous forgings, and castings
682.10-682.40 682.55-682.60	Electric motors, generators, rectifiers, etc. (primarily small motors)
685.20-685.50	Radio, television, phonograph, and related equipment
Schedule 7, pt. 2E	Clocks and parts
727.06	Furniture and parts
355.05-355.25	Certain components made from non-woven felts or from bonded fabrics
386.05-389.70	Textile components not specially provided for
728.05-728.25	Non-textile floor coverings
745.04-745.74	Buttons, buckles, pins, hooks, slide fasteners, etc.
774.20-774.60	Certain components of rubber or plastics not specially provided for
207.00	Wooden components not specially provided for
220.45	Discs, washers, etc., of cork
357.90 357.95	Hose of textile fibre
358.02	V-belts
517.81	Carbon and graphite brushes for generators or motors
535.14	Ceramic insulators and other ceramic electrical ware
540.71	Fibre-glass components such as insulation panels
544.17	Certain glass components

<u>TSUS Number</u>	<u>Product Description</u>
544.31	Tempered glass components, such as windows
544.41	Laminated glass components, such as windshields
544.51	Mirrors
544.54	
545.61	Reflecting lenses and lenses for headlights and
545.63	tail-lights
547.15	Protective glass components
610.80	Pipe and tube fittings (e.g. fuel and hydraulic
613.15	fittings) of steel, copper, aluminum, nickel
613.18*	
618.47	
620.46	
642.20	Cable fitted with fittings; wire mesh components
642.85	
642.87	
646.92	Ignition, gas tank, and door locks; hinges;
647.01	handles; grilles; metal letters and sign plates
647.05	
652.09	
652.75	
652.84*	Suspension springs
652.86	Other springs
652.88*	
660.42	Diesel engines
660.44	Spark-ignition engines
660.46	Non-piston-type engines (turbines, etc.)
660.50	Engine parts (e.g. pistons, cylinders, head,
660.52	crankshafts, connecting rods)
660.54	

<u>TSUS Number</u>	<u>Product Description</u>
660.85	Non-electric engines and motors, not specially provided for
660.92 660.94	Fuel, oil, water, and carburettor pumps
661.10 661.12 661.15	Fans; compressors used in air-conditioning and braking systems
661.20 661.35	Air-conditioners, refrigerators, and parts
661.92 661.95 662.35 662.50	Filtering and spraying equipment
664.10	Hoists, winches, etc.
678.50	Machinery, not specially provided for
680.20 680.22 680.27	Taps, cocks, valves
680.30 680.33* 680.35	Balls, rollers, ball and roller bearings
680.57	Lubrication fittings
680.90*	Non-electric machinery parts, not specially provided for
682.70 682.90 683.10 683.15	Permanent magnets, batteries
683.60	Starting and ignition equipment (mostly starters, generators, and spark plugs)

<u>TSUS Number</u>	<u>Product Description</u>
683.65	Lighting equipment
684.40	Electric heaters
684.62 684.70	Telephonic equipment; microphones, speakers, etc.
685.70	Directional signals, sirens, bells
685.80	Capacitors
685.90 686.10	Fuses, plugs, switches, relays, lamp sockets, resistors
686.22	Automatic voltage regulators
686.60	Sealed-beam lamps
686.80	Other filament lamps
687.50 687.60 688.12	Electronic tubes, transistors, etc., insulated conductors
688.40	Electrical articles, not specially provided for
711.84 711.90 711.98* 712.50	Thermostats, oil pressure gauges, taximeters, speedometers, odometers, ammeters, etc.
772.65 772.80 772.85 773.25 773.30 791.80 791.90	Rubber tubes, gaskets, insulators, leather articles not specially provided for

* These new numbers will not become effective until 20 December 1965. However, once effective they replace pre-existing numbers retroactively to 18 January 1965.

NOTE

1. The term "original motor vehicle equipment" means an article listed above which has been obtained under or pursuant to a written order, contract, or letter of intent of a bona fide motor vehicle manufacturer in the United States and which is a fabricated component intended for use as original equipment in the manufacture in the United States of a motor vehicle, but the term does not include trailers or articles used in their manufacture.
2. The term "motor vehicle" as used in paragraph 1 of this note means a motor vehicle of a kind described in item 692.05 or 692.10 above (excluding an electric trolley-bus and a three-wheeled vehicle) or an automobile truck tractor.
3. The term "bona fide motor vehicle manufacturer" as used in paragraph 1 of this note means a person who is determined to have produced no fewer than fifteen complete motor vehicles in the United States during the previous twelve months, and to have installed capacity in the United States to produce ten or more complete motor vehicles per forty-hour week.