

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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UNITED STATES IMPORTS OF AUTOMOTIVE PRODUCTS

Twelfth Annual Report by the United States

The following report on the operation of the Decision of 20 December 1965 has been submitted by the Government of the United States.

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The Decision of the Contracting Parties of 20 December 1965 (BISD, Fourteenth Supplement, pages 37-42) authorized a waiver of United States obligations under paragraph one of Article 1 of the General Agreement to permit the United States to accord duty-free treatment to certain automotive products imported from Canada under the United States-Canada Automotive Products Agreement. In accordance with the provisions of that Decision and the procedures adopted by the Contracting Parties on 1 November 1956, the following report covering 1977 is submitted to the Contracting Parties.

I. Summary

Production in the United States and Canadian automotive industries is now integrated. Two-way trade in automotive products increased by 15 per cent from 1976 to 1977, reaching \$19.6 billion for the year, compared with \$16.9 billion in 1976 and \$716 million in 1964.<sup>1/</sup>

The United States has no evidence that growing automotive trade with Canada has damaged the interests of our trading partners. United States automotive imports from countries other than Canada were valued at \$9.8 billion in 1977, an increase of 20 per cent compared to 1976. Imports in 1977 of

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<sup>1/</sup> These and other statistics in this report are drawn from data prepared for the President's Twelfth Annual Report to the Congress on the Operation of the Automotive Products Trade Act of 1965, the United States statute implementing the Agreement.

automotive products from countries other than Canada were 53 per cent of total automotive imports. In 1976, the percentage was 49 per cent. No requests have been received for consultations under paragraph 2 of the Decision of 20 December 1965.

## II. Production in the United States-Canadian motor vehicle industry

Combined United States-Canadian motor vehicle production increased to 14.5 million units in 1977, an increase of 10 per cent over the 1976 level. Motor vehicle production in Canada increased to 1.78 million units in 1977, an increase of 8 per cent over the previous year. United States production of motor vehicles increased to 12.7 million units in 1977, an increase of 10 per cent over the level for 1976.

### A. Trade in motor vehicles and parts between the United States and Canada

Total automotive products trade between the United States and Canada increased by 15 per cent to \$19.6 billion in 1977 compared with \$16.9 billion in 1976. United States automotive exports to Canada were \$10.3 billion and imports from Canada were \$9.3 billion.

The Automotive Agreement has also influenced production and trade of products closely allied to the automotive industry but not covered by the Agreement and thus not reflected in the statistics for automotive products.

### B. Trade statistics

The export trade of each country is measured by the import data from the other country because the export parts classification of both countries are not as detailed as the import classifications. Significant exports of automotive parts are not identified as automotive in export statistics.

### C. United States automotive trade with countries other than Canada

Imports of automotive products from third countries were valued at \$9.8 billion in 1977, an increase of 20 per cent compared to 1976. United States automotive exports to countries other than Canada rose less than 1 per cent in 1977 to \$4.1 billion.

The largest non-Canadian suppliers of automotive imports to the United States during 1977 were Japan and West Germany. Imports from Japan grew 21 per cent over 1976 levels to reach \$5.7 billion while imports from West Germany increased by 36 per cent to reach \$2.5 billion.

D. United States-Canadian trade statistics

The following table encompasses all automotive trade between the two countries, including both duty-free trade under the provisions of the Agreement and dutiable automotive products such as replacement parts and special purpose vehicles not covered by the Agreement.

UNITED STATES-CANADA TRADE IN AUTOMOTIVE PRODUCTS, 1964-1977  
(U.S. Imports-Canadian Imports)

(Millions of U.S. Dollars)

U.S. Exports 1/	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Cars	34	87	267	544	748	732	631	985	1,075	1,439	1,657	2,141	2,354	2,655
Trucks	23	55	88	122	175	244	263	334	504	643	916	921	985	1,057
Parts	577	738	1,011	1,216	1,684	2,134	2,019	2,448	2,866	3,552	3,980	4,408	5,550	6,434
Subtotal	634	880	1,366	1,882	2,607	3,110	2,913	3,767	4,445	5,634	6,554	7,472	8,889	10,146
Tires and Tubes	6	9	9	7	27	34	23	36	51	92	223	170	116	114
Total Exports	640	889	1,375	1,889	2,634	3,144	2,936	3,803	4,496	5,726	6,777	7,642	9,005	10,290
U.S. Imports														
Cars	18	69	316	692	1,114	1,537	1,474	1,924	2,065	2,272	2,595	2,809	3,477	3,795
Trucks	4	19	135	228	369	560	564	587	713	789	887	917	1,363	1,841
Parts	49	139	360	474	783	959	1,080	1,481	1,795	2,172	1,997	2,007	2,983	3,496
Subtotal	71	227	811	1,394	2,266	3,056	3,118	3,992	4,573	5,233	5,479	5,734	7,823	9,132
Tires and Tubes	5	4	8	12	8	5	14	8	22	68	65	66	166	135
Total Imports	76	231	819	1,406	2,274	3,061	3,132	4,000	4,595	5,301	5,544	5,800	7,989	9,267
Net Balance	+563	+658	+556	+483	+360	+83	-196	-197	-99	+426	+1,233	+1,841	+1,016	+1,023

1/ Canadian import data. Parts exports (Canadian imports) adjusted to exclude tooling charges in millions of U.S. dollars as follows: 1966 - \$29; 1967 - \$44; 1968 - \$47; 1969 - \$75; 1970 - \$98; 1971 - \$68; 1972 - \$85; 1973 - \$68; 1974 - \$188; 1975 - \$110; 1976 - \$105; 1977 - \$72.

Note: Data exclude U.S.-Canadian trade in materials for use in manufacture of automotive parts.

Data are adjusted to reflect transaction values for vehicles. \$1.00 Canadian = \$0.925 U.S., 1964-69; \$0.958 U.S., 1970; \$0.990 U.S., 1971; \$1.009 U.S., 1972; \$0.9997 U.S., 1973; \$1.02246 U.S., 1974; \$0.98297 U.S., 1975; \$1.0141 U.S., 1976; \$0.94095 U.S., 1977.