

GENERAL AGREEMENT ON TARIFFS AND TRADE

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UNITED STATES IMPORTS OF AUTOMOTIVE PRODUCTS

Fourteenth 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.

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 I 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 1983 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 29 percent from 1982 to 1983, reaching \$31.3 billion

for the year, compared with \$24.3 billion in 1982 and \$716 million in 1964.¹

The United States has no evidence that growing automotive trade with Canada has damaged the interests of our trading partners. United States automotive imports in 1983 from countries other than Canada were valued at \$24.8 billion, an increase of 20 percent compared to 1982. Imports in 1983 of automotive products from countries other than Canada comprised 60 percent of total automotive imports. In 1982, the percentage was 63 percent. 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 in 1983 was 10.73 million vehicles, an increase of 29.9 percent over 1982. Motor vehicle production in Canada rose to 1.52 million units in 1983, 19.4 percent above the 1982 level. United States production of motor vehicles totaled 9.21 million units in 1983, an increase of 31.8 percent over 1982.

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

A. Trade in Motor Vehicles and Parts Between the United States and Canada

Total automotive products trade between the United States and Canada was \$31.2 billion in 1983, an increase of 28.4 percent from 1982. United States automotive exports to Canada increased 30.5 percent in 1983 to \$14.3 billion and imports increased 27.4 percent to \$16.9 billion in 1983.

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 \$24.8 billion in 1983 an increase of 20 percent compared to 1982. United States automotive exports to countries other than Canada decreased by 28.6 percent in 1983 to \$4.3 billion.

The largest non-Canadian suppliers of automotive imports to the United States during 1983 were Japan and West Germany. Imports from Japan increased to \$14.8 billion while imports from West Germany increased to \$4.3 billion.

D. United States-Canada 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.

TABLE A

U.S.-CANADIAN TRADE IN AUTOMOTIVE PRODUCTS, 1964 and 1978-83
 U.S IMPORTS - CANADIAN IMPORTS 1/
 (Millions of U.S. Dollars)

	1964	1978	1979	1980	1981	1982	1983
<u>U.S. exports</u> <u>2/</u>							
Cars	34	2,613	3,147	2,906	3,095	2,324	3,948
Trucks	23	1,158	1,654	1,044	1,122	706	908
Parts	577	7,080	7,344	6,478	7,701	7,824	9,270
Subtotal	634	10,851	12,145	10,428	11,918	10,853	14,126
Tires and Tubes	6	113	128	124	137	118	190
TOTAL EXPORTS	640	10,964	12,273	10,552	12,055	10,971	14,315
<u>U.S. imports</u>							
Cars	18	4,129	3,707	3,802	4,295	5,805	7,278
Trucks	4	2,036	1,978	1,893	2,622	3,196	3,599
Parts	49	4,160	3,831	2,888	3,462	3,963	5,724
Subtotal	71	10,325	9,516	8,583	10,379	12,964	16,601
Tires and Tubes	5	167	199	196	239	328	340
TOTAL IMPORTS	76	10,492	9,715	8,779	10,618	13,292	16,940
Net Balance	+563	+472	+2,558	+1,773	+1,437	-2,321	-2,625

1/ Totals may not add due to rounding.

2/ Canadian import data. Parts exports (Canadian imports) adjusted to exclude tooling charges in millions of U.S. dollars as follows: 1977 - \$72; 1978 - \$235.

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

Canadian dollars converted to U.S. dollars at following exchange rates:

\$1.00 Canadian - \$0.925 U.S., 1964;

\$0.8871, 1978; \$0.85471, 1979; \$0.83560, 1980; \$0.84382, 1981; \$0.80743, 1982;

\$0.80199, 1983.