

CANADIAN AUTOMOBILE AGREEMENT

UNITED STATES INTERNATIONAL TRADE COMMISSION REPORT ON THE UNITED STATES-CANADIAN AUTOMOTIVE AGREEMENT: ITS HISTORY, TERMS, AND IMPACT

AND THE

NINTH ANNUAL REPORT OF THE PRESIDENT TO THE CONGRESS ON THE OPERATION OF THE AUTOMOTIVE PRODUCTS TRADE ACT OF 1965

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*



JANUARY 1976

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Letter of Transmittal

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436



THE CHAIRMAN

January 22, 1976

Honorable Russell B. Long
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The United States International Trade Commission transmits herewith its report on the United States-Canadian automotive agreement in response to a request from you on behalf of the Committee on Finance, dated July 9, 1975.

The Commission's report is in two volumes. Volume I presents an analysis of the history, terms, and impact of the United States-Canadian automotive agreement. Volume II of the report includes a series of statistical tables devoted primarily to investment, production, and trade in the United States-Canadian motor-vehicle industry, and a number of official documents relating to the agreement.

Volume I also contains a brief overview of the history, terms, and impact of the agreement, incorporating some of the observations of the Commission. In your letter, you specified two matters to which the Commission should respond. Here is a summary of our responses, which are fully developed in the report. Commissioner Ablondi is submitting a separate response.

The committee has expressed a particular interest in "the Commission's view as to whether or not Canada has fully complied with the letter and spirit of the agreement by phasing out the so-called 'transitional provisions'." The Commission's view is that Canada has not fully complied with the agreement. The restrictions embodied in annex A of the agreement limiting duty-free treatment to automotive products imported into Canada by a "qualified" manufacturer (i.e., a Canadian manufacturer maintaining certain levels of motor-vehicle production) have not been phased out by the Government of Canada. In addition, the "letters of undertaking" have not expired, and continue to guarantee certain levels of motor-vehicle and motor-vehicle-parts production in Canada. The fact that these restrictions and the "letters of undertaking" relating to automotive trade under the agreement have not been phased out by the Government of Canada

Honorable Russell B. Long
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impedes the realization of what the committee recognized in its report on the proposed Trade Act of 1970 as one of the objectives of the agreement--that of "allowing market forces to determine the most economic pattern of investment, production, and trade."

The committee has also expressed an interest in knowing the "relative structure of production of automobiles within the U.S./Canadian markets, and any shifts which may have occurred as a result in the recent decline in industry sales in the U.S. as compared with Canada."


Production of automobiles in the United States declined from 1973 through 1974 and the first 6 months of 1975 by percentages approximately equal to the decline in sales of United States-Canadian-type automobiles in the United States during the period. Employment in the production of motor vehicles in the United States has declined along with the decline in production.

In Canada, both production and sales of United States-Canadian-type automobiles remained at their 1973 levels in 1974, and declined during the first 6 months of 1975. Employment in the production of motor vehicles in Canada followed a similar trend, remaining at its 1973 level in 1974, and declining during the first 6 months of 1975. As a result of the smaller declines in sales, production, and employment in Canada compared with those in the United States, the Canadian shares of total United States-Canadian sales, production, and employment have all increased. Nevertheless, the greater decline in the United States motor-vehicle market compared with the Canadian market has contributed to an improvement in the United States balance of automotive trade with Canada.

Finally, production of motor vehicles in Canada is largely determined by sales of motor vehicles in Canada by reason of the protective measures imposed by the Government of Canada. The relative structure of the Canadian industry is not determined by the United States-Canadian motor-vehicle market, as a whole.

It is hoped that this report will be useful to the committee.

Sincerely,


Will E. Leonard
Chairman



COMMISSIONER

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

January 22, 1976

Honorable Russell B. Long
Chairman, Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In response to your request of July 9, 1975, on behalf of the Committee on Finance, I join with the other members of the United States International Trade Commission in transmitting its report on the United States-Canadian automotive agreement. I must note, however, that the Commission's letter of transmittal does not fully reflect my views. The report, in my opinion, does not fully treat with several salient aspects of the agreement. Accordingly, I have presented my views separately with respect to several issues raised in the committee's letter and in the full report.

The committee requested that the Commission specifically address the question of "the relative structure of production of automobiles within the U.S./Canadian markets and any shifts which may have occurred as a result of the current decline in industry sales in the U.S. as compared with Canada." In my view, the relative structures of production within the United States and Canadian markets are governed by decisions made in the corporate offices in Detroit, which are based on the best interests of the multinational corporations irrespective of United States or Canadian national interests. The corporate multinationals are the main force that control the economic pattern of investment, production, and trade in United States-Canadian motor-vehicle production. These decisions by the directors and officers of the Big Four and the smaller motor-vehicle producing firms are usually made with the ultimate objective of maximum profits and rationalization of production, and have resulted in production, trade, and investment patterns not envisioned by either the Government of the United States or the Government of Canada in 1965, despite the conditions of annex A and the "letters of undertaking."

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Corporate decisions made in the late 1960's to devote a larger proportion of Canadian production to small passenger automobiles than the proportion of United States production devoted to such automobiles, had a result unforeseen by the Government of the United States or the Government of Canada in 1965. The rapidly increasing market share held by small passenger automobiles in the United States and Canada probably resulted in a more rapid increase in Canadian passenger-automobile production than would have occurred had Canadian production been more heavily weighted towards larger passenger automobiles. This rapid increase in production of passenger automobiles in Canada when compared with the production of passenger automobiles in the United States accelerated as a result of the oil boycott in October 1973. The oil boycott did not affect Canada to the extent that it did the United States, since Canada was a net exporter of oil.

The relative decline of United States production is also a result of the importation of passenger automobiles from third countries, which have increased in the United States and declined in Canada.

In my opinion, the principal beneficiaries of this agreement are the multinational corporations that control United States-Canadian motor-vehicle production. Prior to the implementation of the agreement, the Big Four had made substantial investments or commitments for investment in Canada. In fact, Studebaker had moved entirely to Canada prior to the implementation of the agreement. Such investments were based, in part, on the multinationals' ability to export to the United States, but developments beyond the control of the multinationals may have disrupted their plans for rationalization of United States-Canadian automobile production. First, the possibility of countervailing duties being imposed on United States imports of automotive products from Canada could have seriously impaired their plans. Second, to muddle the situation further, a continuation of the deficit in Canada's automotive trade balance with the United States (about \$500 million annually) could have had a serious impact on the Canadian economy. This deficit on automotive trade alone accounted for nearly 80 percent of the total Canadian trade deficit with the United States in 1964. Had such a deficit continued, Canada might well have called for protective action under the General Agreement on Tariffs and Trade. Thus the multinationals were faced with a situation that could have erupted into escalating protective measures on the part of both countries, with the multinationals and their capital investments in the middle. The agreement solved this problem for the multinationals.

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Initial investments required by the multinationals to meet their requirements under the agreement and the "letters of undertaking" had been made or were committed prior to the signing of the agreement. In fact, among the major motor-vehicle manufacturers, virtually all investment in new plant and equipment in Canada was financed by retained earnings of the Canadian affiliates of the United States manufacturers and the remainder came from other Canadian sources. Thus there was no outflow of capital from the United States for such purposes. In addition, the minimum requirements for Canadian production were generally met or, in many cases, substantially exceeded.

Much has been made of the United States concession to grant duty-free entry to Canadian automotive products. Item 807.00 of the Tariff Schedules of the United States was in existence at the time. Since an estimated 40-60 percent of the value of imported automotive products from Canada may be entitled to duty exemption upon meeting requirements of item 807.00, the full effect of the concession granted by the United States extends only to those articles which may not qualify for 807.00 treatment.

I would be remiss in not succinctly stating that the theme of witnesses at the Commission's Detroit hearing was, in my estimation, "don't terminate the agreement." Those witnesses represented labor, motor-vehicle manufacturers, United States parts manufacturers, and Canadian parts manufacturers. Regrettably, no consumers' views were expressed, but I would surmise that the consumers' view would be in accord with the theme of not terminating the agreement. Many witnesses, however, while strongly supporting the continuation of the agreement, recommended the amendment or modification of certain terms of the agreement and the "letters of undertaking."

I wish to direct the committee's attention in particular to two suggestions made during the course of the hearings and in later posthearing briefs. Mr. Leonard Woodcock, the President of the United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), testified that the United States-Canadian content of articles imported into the United States free of duty under the agreement should be increased from 50 percent to 75 percent. This would limit the incentive to assemble vehicles in Canada that contain duty-free components imported into Canada from third countries.

Mr. Brian O'Keefe, assistant corporate controller of Chrysler Corp., in his testimony before the Commission in Detroit, suggested two proposals

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that would improve the operation of the agreement. In view of the relatively strong fluctuations in annual sales and production, the conditions imposed would be less onerous, and more reasonable, if they were based on a 3-year average rather than on a single year's basis and if they were combined for passenger automobiles and trucks rather than being considered separately.

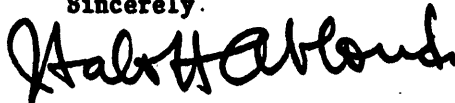
The agreement anticipated the need for improvement and for discussion among the countries. The express terms of the agreement provide for consultation between the two governments.

Article IV states in part,

- (a) At any time, at the request of either Government, the two Governments shall consult with respect to any matter relating to this Agreement.

It would appear that many of the suggestions for amendment or modification of the agreement should be considered by the two Governments. The eleventh anniversary of the agreement has just passed. Numerous new factors have arisen since 1965 which have had a drastic impact on the agreement. Changing consumer preferences, the increasing cost of gasoline, pollution controls, and questions on mass transportation raise only elementary issues not contemplated by the agreement. The recommendations received during the study conducted by the Commission form the basis for such consultation.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Italo H. Ablondi', written in a cursive style.

Italo H. Ablondi

UNITED STATES INTERNATIONAL TRADE COMMISSION

**THE UNITED STATES-CANADIAN AUTOMOTIVE AGREEMENT:
ITS HISTORY, TERMS, AND IMPACT**

**Report to the Committee on Finance of the
United States Senate on Investigation No. 332-76
Under Section 332 of the Tariff Act of 1930**

**Volume I of II
Text of the Report**

**Washington, D. C.
January 1976**

UNITED STATES INTERNATIONAL TRADE COMMISSION

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ACKNOWLEDGEMENT

The Commission acknowledges with appreciation the able assistance of the staff of the United States International Trade Commission in the preparation of this report.

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PREFACE

In response to a request dated July 9, 1975, by the Senate Committee on Finance, the United States International Trade Commission reports herein the results of investigation No. 332-76, instituted on July 22, 1975, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) of the history, terms, and impact of the United States-Canadian automotive agreement, as implemented by the President pursuant to the provisions of the Automotive Products Trade Act of 1965.

The full text of the request is as follows:

The Senate Committee on Finance resolved today to request that the International Trade Commission undertake a study of the U.S./Canadian Automotive Agreement as implemented under the Automotive Products Trade Act of 1965 and submit the study to the Committee on Finance no later than December 31, 1975. 1/ This request is made pursuant to section 332(g) of the Tariff Act of 1930.

The Committee is interested in having a thorough analysis of the history and terms of the U.S./Canadian Automobile Agreement and its impact on U.S. and Canadian trade, employment, production, balance of payments, capital flows, and investment patterns. We are particularly interested in the Commission's view as to whether or not Canada has fully complied with the letter and the spirit of the Agreement by phasing out the so called "transitional provisions". In addition, it would be useful to know the relative structure of production of automobiles within the U.S./Canadian markets and any shifts which may have occurred as a result of the current decline in industry sales in the U.S. as compared with Canada.

We appreciate the quality work the Commission has done in the past for the Committee and the Congress and look forward to receiving a thorough study of this important agreement by the end of the year. 1/

1/ The Commission's deadline for submitting this study has been extended, by agreement with the Committee on Finance, to January 22, 1976.

A public hearing was held in connection with the investigation on December 11, 1975, in Detroit, Michigan. The information contained in this report was obtained from the public hearing; from briefs and other submissions filed by interested parties; from responses to the Commission's questionnaires, from information published in Automotive News, Ward's Automotive Reports, the Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965, 1/ and Canadian Automotive Trade, from material supplied by the Motor Vehicle Manufacturers Association (United States and Canada), and from the Commission's files.

This is the second report submitted to the Committee on Finance by the Commission concerning the agreement. The first report, submitted to the Committee on September 16, 1965, was a report on H.R. 9042, the "Automotive Products Trade Act of 1965." 2/

Since 1971, the Commission has supplied the Committee on Finance and other interested persons with an annual compilation of automotive trade statistics based on the official import and export statistics published by the Bureau of the Census. The most recent of those compilations is dated May 1975.

This report is presented to the Committee on Finance in two volumes. The first volume consists of the complete text of the report, and the second volume consists of the appendices.

1/ The first annual report was printed in March 1967, and the ninth and most recent annual report was submitted to the Senate Committee on Finance on November 26, 1975.

2/ United States Tariff Commission, Report to the Committee on Finance on H.R. 9042. Eighty-ninth Congress, The Automotive Products Trade Act of 1965, reprinted in Hearings on H.R. 9042 Before the Senate Committee on Finance, 89th Cong., 1st Sess. 373 (1965).

INTRODUCTION

The Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada (hereinafter referred to as the "United States-Canadian automotive agreement" or the "agreement") is an agreement wholly concerning the import tariff treatment to be accorded by each of the two contracting parties to exports from the other contracting party of certain motor vehicles and original-equipment parts therefor.

The principal effect of the agreement is its impact on trade in passenger automobiles, trucks and buses of the types manufactured in the United States and Canada by United States manufacturers and their affiliates (hereinafter referred to as United States-Canadian-type motor vehicles), and original-equipment parts therefor. There are relatively few exports of these vehicles from the United States and Canada to third countries. Although vehicles virtually identical to United States-Canadian-type motor vehicles are produced in other countries of the world by foreign affiliates of United States manufacturers, virtually none of these vehicles are imported into the United States or Canada from third countries. There is, however, some trade in original-equipment parts for United States-Canadian-type vehicles between Canada and third countries, and between the United States and third countries. Original-equipment parts imported into Canada from third countries may also be entitled to preferential tariff treatment by Canada under the agreement. In addition, there are numerous independent parts manufacturers in the United States and Canada that supply original-equipment parts to the manufacturers of United States-Canadian-type motor vehicles in the United States and Canada.

Accordingly, a major objective of this report, insofar as the impact of the agreement is concerned, is to determine the influence or effect of the agreed-upon changes in United States and Canadian import tariff treatment upon automotive trade between the United States and Canada, automotive production and consumption in each country, and, to a limited extent, original-equipment parts trade between Canada and third countries. For the purpose of making these assessments, this report considers the period beginning with the resumption of international trade after World War II and continuing through 1975. This period has been divided into three shorter periods, as follows:

- (a) the period prior to 1960;
- (b) 1960 through 1964; and
- (c) 1965 through June of 1975.

Limited data are available for the period prior to 1960. The Commission sought to obtain information on all aspects of United States-Canadian automotive trade, production, and consumption from 1960 through 1975. 1/

1/ It should be noted that much of the information contained in this report was obtained from responses to the Commission's questionnaires by General Motors, Ford, Chrysler, American Motors, International Harvester, and Mack; the data presented in this report, that were derived from the questionnaire is completely dependent upon the cooperation of the responding firms and was not subject to verification. In several areas, however, public data are available similar to that requested in the Commission's questionnaire. In all such instances the results of the Commission's questionnaire were compared with the public data. In only one instance were the data obtained from the questionnaire at substantial variance with the data available from the other sources checked. That one instance is in the value of United States-Canadian automotive trade. The differences between the various series of data available with respect to United States-Canadian automotive trade are the subject of this section of this report.

**Nature of Statistical Data Used To Determine
the Impact of the Agreement**

In an attempt to obtain an accurate assessment of the impact of the agreement, i.e., the impact of the respective tariff changes, this report uses several measures of automotive trade, production, and consumption. The measures of automotive trade used and referred to in this report are--

1. The "traditional" data sources; i.e., official United States import and export statistics;
2. United States and Canadian import statistics--
 - a. With United States import statistics not adjusted for transfer pricing; and
 - b. With United States import statistics adjusted for transfer pricing; and
3. Transfer pricing data obtained by questionnaires from the major United States motor-vehicle producers.

Official United States import and export statistics

The "traditional" United States method of calculating United States-Canadian automotive trade is based on the use of official United States import statistics as reported by the Bureau of the Census for each automotive tariff item number and the official United States export statistics of the Bureau of the Census as reported for each automotive export category. This method of measuring United States-Canadian trade was used by the Commission and by the executive branch, in reporting on pre-1965 trade and in assessing the probable impact of the agreement on trade, during

the congressional consideration of the bill which became the Automotive Products Trade Act of 1965. It is also the method of calculating United States-Canadian automotive trade used in the First Annual Report of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965, and in the Commission's annual compilations of automotive trade statistics.

The "traditional" method is the only system by which United States-Canadian automotive trade balances can be accurately contrasted with trade balances in other product sectors or with other countries for which no alternative methods of measurement are available. The import value data derived from this system are comparable to data on the value of United States production that are available from public sources. Comparable data for United States imports and United States production are necessary in order to assess properly the impact of imports on domestic production.

These drawbacks are inherent in the "traditional system". One is that not all automotive exports are identified as such in official United States export statistics, while virtually all automotive imports are identified as such in official United States import statistics. Secondly, it is alleged that substantial quantities of United States exports are not reported at all owing to extremely lax enforcement of export reporting regulations. Last, the "traditional" system uses constructed "arms-length-transaction" values to report United States imports from Canada and values close to intracompany transfer values to report United States exports to Canada. All of these factors tend to understate exports of automotive

products to Canada. Data based on this system of measure are presented in tables 97, 100, and 103, in volume II of this report.

United States import statistics and Canadian import statistics

The second method of calculating United States-Canadian automotive trade is the use of official United States import statistics and official Canadian import statistics. While use of official Canadian import statistics, instead of official United States export statistics, provides for more complete identification of United States exports that are automotive products, such imports statistics are based on so-called "transfer values" at which vehicles and parts change hands on an intracompany basis. These values understate United States exports to Canada (Canadian imports) in relation to United States imports from Canada in that official United States import statistics are based on actual or constructed arms-length-transaction values. This import/import system of measure was used in the Second and Third Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965. As indicated, the major difference between this system and those previously discussed is that additional United States exports to Canada are reported under it. United States imports from Canada remain the same. Data based on this import/import method are not presented in this report in view of the limited period during which it was used by any agency of the United States Government.

The third method, also uses United States import statistics and Canadian import statistics, with the official United States import statistics being adjusted downward from their arms-length values to the

equivalent of their transfer values; it uses official Canadian import statistics, also based on transfer values, to measure United States exports to Canada. This method of measuring United States-Canadian trade has been used in the Fourth and all subsequent Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965. Its use as a measure of the United States-Canadian automotive trade balance has the support of the Government of Canada, the administration, and the major motor-vehicle manufacturers. Data compiled in accordance with this method are presented in tables 96, 99, and 102 of this report.

The major objections to the use of this third system are that trade balances in other product sectors or with other countries are not reported in a comparable manner and so cannot be compared with the automotive products trade balance between the United States and Canada. In addition, the adjusted values of imports into the United States, based as they are on transfer values, are not comparable to any values publically reported for United States production so that the impact of imports from Canada on United States production cannot be accurately assessed.

Transfer pricing data obtained by questionnaire from the
major motor-vehicle manufacturers 1/

In an effort to develop a system of uniform measurement with which to compare United States-Canadian trade, and United States and Canadian production, the Commission requested transfer pricing data or its

1/ The six firms that responded to the Commission's questionnaires were: General Motors Corporation, Ford Motor Company, Chrysler Corporation, American Motors Corporation, International Harvester Corporation, and Mack Trucks, Inc.

equivalent for all United States-Canadian trade in motor vehicles and parts, for United States and Canadian production of motor vehicles. 1/

1/ Commissioner Ablondi has serious reservations about the addition of a new method of reporting the value of United States-Canadian trade in automotive products which only serves to cause further confusion regarding the preexisting conflicts between two other major systems of reporting such trade. The new method of reporting has a margin of error in at least one of the following respects:

1. Any differences in transfer values for captively produced original-equipment parts and values for arms-length transactions for original-equipment parts purchased from independent suppliers would be subject to the same observations set forth on p. 10 of this report.
2. Different exchange rates between United States and Canadian dollars may have been used by reporting firms at various times.
3. Written questionnaires may inadvertently have requested data on certain articles not included in the auto pact, which data were subsequently orally requested to be excluded.
4. Although most trade in motor vehicles was covered by firms that responded to the Commission's questionnaire, several firms representing a small percentage of motor-vehicle trade did not respond and many small firms were not contacted.
5. Different reporting firms probably used various different accounting procedures for arriving at transfer values.
6. No confirmation of reported trade data was made by examination of the books or documents of the responding firms.

Any margin of error in one or more of these factors on total trade amounting to more than \$10 billion in 1974 could result in further distortions. Commissioner Ablondi believes that, with all due respect to the efforts of the Commission staff to arrive at a superior method of measuring United States-Canadian trade and production, the time constraints were such as to preclude an accurate assessment thereof.

Section 608 of the Trade Act of 1974 provides for the establishment of a comparable system of measuring U.S.-imports/U.S. exports, and U.S. production. With the establishment of such systems, future balance-of-trade differences involving United States-Canadian auto statistics may be eliminated.

It also sought comparable value data on original-equipment parts used by the motor-vehicle manufacturers in the assembly of motor vehicles in the United States and Canada. Such data were reported to the Commission in questionnaires received from six motor-vehicle manufacturers accounting for virtually all of United States production of passenger automobiles, 99 percent of Canadian production of passenger automobiles, 98 percent of United States production of trucks and buses and 99 percent of Canadian production of trucks and buses. Data compiled from the Commission's questionnaires are presented in tables 95, 98, and 101 of this report with respect to trade balances. Unless otherwise noted, all production, consumption, and trade data presented in this report were derived from the Commission's questionnaires. 1/

The Commission's questionnaire requested data from the motor-vehicle manufacturers on the quantities and values of their imports into the United States from Canada and their exports from the United States to Canada. The data on values of such United States imports and United States exports were requested at the firms' intracompany

1/ The Commission learned that transfer pricing was the only method used by motor-vehicle manufacturers to record their intracompany transactions in vehicles and parts. Although the Commission has less difficulty in accepting transfer values for captive production and trade in original-equipment parts since such articles are reportedly priced comparably with identical parts purchased by the motor-vehicle manufacturers from independent vendors, no such outside purchases affect internal transfer pricing for completed motor vehicles. Many vehicles are transfer priced identically whether they are produced in the United States or Canada despite the obvious differences in the costs of production between the United States and Canada, as reflected by the factory and retail list price differences still existing between identical vehicles for sales in the United States and Canada.

transfer values. The Commission also requested comparable quantities and transfer values on the production of motor vehicles in the United States and on the production of motor vehicles in Canada. All values were requested to be provided in United States dollars.

The Commission also requested data from the motor-vehicle manufacturers on the value of original-equipment parts used in the assembly of motor vehicles in the United States and the value of original-equipment parts used in the assembly of motor vehicles in Canada. For original-equipment parts used in assembly plants in the United States, the questionnaire requested that the source--the United States, Canada, or third countries--be provided. Similar data relating to the source of original-equipment parts were requested for those used in Canada. The value of United States imports of original-equipment parts from Canada, as presented in this report, consists of the value of those parts used in the United States which were sourced in Canada. Similarly, the value of United States exports of original-equipment parts to Canada, as presented in this report, consists of the value of those parts used as original equipment in Canada that were sourced in the United States. All of these values were requested to be provided in United States dollars.

The value of United States production of original-equipment motor-vehicle parts, as presented in this report, consists of the addition of the value of original-equipment parts used in the assembly of motor vehicles in the United States that were sourced in the United States, and the value of original-equipment parts used in the assembly

of motor vehicles in Canada that were sourced in the United States. Similarly Canadian production of original-equipment parts, as presented in this report, consists of the addition of the value of original-equipment parts used in the assembly of motor vehicle in Canada that were sourced in Canada and the value of original-equipment parts used in the assembly of motor vehicles in the United States that were sourced in Canada.

For each of the above described parts categories, the source of the parts was further separated into original-equipment parts obtained from within the reporting firms and parts obtained from independent suppliers. Values of parts obtained from within the reporting firm (capitively produced parts) were requested to be reported at intra-company transfer values in all instances. Values of parts obtained from independent suppliers were requested to be reported at the cost to the motor-vehicle manufacturers of such purchased parts. It should be noted that the motor-vehicle manufacturers and independent parts suppliers report that with respect to original-equipment motor-vehicle parts, the value of a part purchased at an arms-length-transaction price and the transfer value of an identical part produced within a firm are comparable.

The Commission's questionnaires therefore provide data collected on a uniform basis, from similar sources, for measuring the value of United States trade in automotive products with Canada and for comparing that trade with United States and Canadian production of such articles. This information is not, however, readily available from public sources;

it is only available from the questionnaire responses of the motor-vehicle manufacturers.

**Definitions of Terms and Concepts Used
in This Report**

To provide additional understanding of the body of material presented in this report, several of the terms and concepts used throughout the report require some explanation. They are as follows:

1. In this report all value data are presented in United States dollars, unless otherwise noted. When value data were presented to the Commission in Canadian dollars, they were converted to United States dollars based on the rates of exchange as published by the International Monetary Fund in its "International Financial Statistics" (line rf) for each calendar year, except 1975. These data are based on monthly averages of daily data. Data for 1975 were converted at the rate of exchange reported by the above source for September 1975.

2. Unless otherwise noted, all annual data are presented on a calendar year basis. Model-year data, when used, are indicated as such. Model years cover the 12-month period ending on July 31 of the year indicated.

3. The term "consumption" with reference to motor vehicles means sales of new vehicles at the retail level. It may also be measured by new-vehicle registrations. Consumption of original-equipment parts, for the purposes of this report, means original-equipment parts used in the assembly of new motor vehicles.

4. The term "United States-Canadian" is used frequently in this report. The terms "United States-Canadian consumption" or "United States-Canadian market" refer to retail sales or registrations of motor vehicles in the United States and Canada, or use of original-equipment parts in the assembly of motor vehicles in plants in the United States and Canada. It does not include completed vehicles exported from the United States or Canada for sale in third countries or parts exported to third countries for use there in the assembly of complete vehicles.

5. The term "United States-Canadian production" refers to vehicles or parts assembled or produced in the United States and Canada. The term "United States-Canadian-type" motor vehicles is used to describe motor vehicles produced in the United States and/or Canada by firms headquartered in the United States or Canada. It does not include United States-or Canadian-made vehicles produced by such firms as Volvo or Renault which are headquartered in third countries, nor does it include vehicles such as the Chevy Luv or Ford Courier which are assembled in the United States from mostly third-country components. Also excluded from the definition are vehicles made in third countries by firms headquartered in the United States, such as General Motors' Opel, Ford's Capri, or the vehicles made by United States firms in the developing countries.

6. The terms "original-equipment parts", and "original-equipment motor-vehicle parts", as used in this report, refers to parts, excluding tires or tubes for tires, actually used in the assembly of new United States-Canadian-type motor vehicles in the United States or Canada.

The terms exclude such parts that are to be used as replacement or service parts, or parts that are to be exported to third countries for use there in the assembly of motor vehicles. They also exclude parts to be used in the production of non-United States-Canadian-type motor vehicles in the United States or Canada. For the purposes of the trade data presented in this report, all fabricated components used in the manufacture of motor vehicles are included within the concept of original-equipment parts. For the purposes of annexes A and B of the agreement, certain fabricated components, covered in the trade data presented herein, are excluded from duty-free treatment under the agreement.

7. Final-assembly plants are factories the operations of which include the final assembly of complete motor vehicles.

OVERVIEW OF THE AGREEMENT: ITS HISTORY, TERMS,
AND IMPACT

History of the Agreement

The United States motor-vehicle market was dominated during the period antecedent to the agreement by the consumption of United States-Canadian-type vehicles, the vast majority of which were produced in the United States. This market grew, by approximately 27 percent from 1960 to 1964, 1/ reflecting increases in both the population of the United States and per capita registration of motor vehicles during the period.

The Big Four motor-vehicle manufacturers in turn dominated motor-vehicle production in the United States during the antecedent period, much as they do today, even though trucks and buses were produced by 17 companies other than the Big Four. While United States production of motor vehicles grew by only 18 percent 2/ from 1960 to 1964, production of motor vehicles in the United States continued to exceed consumption of United States-Canadian-type vehicles in 1964.

The Canadian motor-vehicle market was quite different in 1960 from its counterpart in the United States. Consumption of United States-Canadian-type vehicles accounted for only 74 percent 3/ of Canadian consumption. In addition, Canadian per capita registration

1/ Measured in terms of quantity of United States-Canadian-type units sold.

2/ Measured in terms of quantity of units produced.

3/ Measured in terms of quantity of United States-Canadian-type units sold.

of automobiles was much lower than the corresponding figure for the United States in 1960. 1/ The population of Canada was also expected to rise at a faster rate than that of the United States, with immigration a larger factor. All these factors indicated that there was a much greater potential for growth in the consumption of United States-Canadian-type vehicles in Canada than in the United States. In accordance with this potential, Canadian consumption of United States-Canadian-type vehicles grew by 63 percent during the period 1960-64. 2/ While this extraordinary growth in the United States-Canadian-type motor-vehicle market in Canada could not be expected to continue indefinitely, it was expected in 1964 that it would continue to grow at a rate considerably faster than that of the United States market.

Canadian production of motor vehicles was dominated by the Canadian affiliates of the major United States motor-vehicle manufacturers, and production of United States-Canadian-type motor vehicles kept pace with the growth in Canadian consumption of such vehicles in the period 1960-64 by increasing 69 percent. However, it was clear that as the Canadian market for such vehicles continued to grow, a proportionate increase in the Canadian automotive trade deficit would result, unless some corrective action was taken by the Canadian Government. This proportionate increase in the

1/ Per capita registration of motor vehicles in the United States was 34 units per hundred persons, 23 units per hundred persons in Canada.

2/ Measured in terms of quantity of United States-Canadian-type units sold.

Canadian automotive trade deficit resulted from the fact that a certain proportion of parts produced in the United States went into the production of motor vehicles in Canada and the fact that fewer motor vehicles were produced in Canada than were sold in Canada during each of the years 1960-64.

By 1960 Canada was the only remaining export market of major significance for motor vehicles produced in the United States, and conversely, the United States was the only significant export market for motor vehicles produced in Canada. 1/ It became the policy of Canada to seek measures to increase its proportion of United States-Canadian production in order to equal its proportion of United States-Canadian consumption. In order to accomplish this goal, Canada would, in effect, have to produce as many motor vehicles as were sold in Canada during any given period.

The United States had a decreasing surplus in trade in motor vehicles with Canada during the 1960 through 1964 period, the bulk of this trade being in passenger automobiles. However, as important as trade in motor vehicles was during this period, trade in original-equipment parts for use in production of motor vehicles in each country was the major factor in automotive trade between the United States and Canada. The United States enjoyed a steadily increasing surplus in original equipment parts trade during the period 1960-64, which

1/ This was especially true of passenger automobiles.

by 1964 amounted to approximately 95 percent of the total surplus enjoyed by the United States in automotive trade with Canada. ^{1/} The relatively low-volume production of automotive parts in Canada became a matter of growing concern in Canada. It would not be sufficient, from a balance of trade perspective, for Canada to achieve its proportionate share of motor-vehicle assembly. They also would have to increase their production of motor-vehicle parts, so that the total value added in Canada in the production of motor vehicles and original-equipment parts therefor would better approximate the total value of motor vehicles consumed in Canada. Only then would the Canadian balance in automotive trade with the United States improve.

The extent and nature of the trade between the United States and Canada in motor vehicles and parts, and the production in Canada of motor vehicles and parts was greatly influenced by the tariff structures of the two countries. The Canadian tariff schedule for motor vehicles and parts was designed to encourage the manufacture of motor vehicles and parts in Canada, and did so in several ways. First, the basic most-favored-nation tariff rates were quite high for completed motor vehicles (17.5 percent ad valorem) and parts (17.5 and 25 percent ad valorem). A manufacturer in Canada would enjoy a substantial competitive advantage, in terms of pricing, over an importer of motor vehicles and parts. Second, for a large number of articles generally used in the production of motor vehicles, the basic tariff rate would

^{1/} See tables 101-103 of this report.

not apply and the articles would be entitled to entry duty-free if the articles were of a class or kind not made in Canada and were imported by a Canadian producer of motor vehicles meeting a certain Canadian content requirement in the production of motor vehicles. Accordingly, the Canadian Government during the antecedent period had a tariff structure which used the duty-free treatment of certain original-equipment parts as an incentive to encourage a certain level of motor-vehicle production in Canada which was effectively keyed to Canadian consumption by the high rates of duty on completed motor vehicles and original-equipment parts imported into Canada.

The content requirement in Canada's tariff structure prior to the agreement was expressed in terms of a certain percentage of Canadian content in Canadian production of motor vehicles intended for consumption in Canada, 1/ and the producers of motor vehicles in Canada were free to import the remainder of their content from the United States. As the Canadian market in motor vehicles grew during the period 1960-64, the amount of original-equipment parts imported by Canadian producers from the United States grew proportionately, increasing Canada's deficit in automotive trade with the United States.

At the same time, the Canadian motor-vehicle industry could not competitively export motor vehicles to the United States, owing to the lower economies of scale and relative inefficiency of the

1/ This percentage was 40, 50, or 60 percent, depending on the size of the manufacturer.

Canadian industry, coupled with the duty of 6.5 percent ad valorem imposed by the United States on imported vehicles in 1964. The inability of Canada to offset its increasing deficit in automotive trade with the United States led to the adoption of an export incentive plan in Canada.

The duty-remission plan adopted by Canada in November 1962 and expanded a year later provided in its expanded form that duties would be remitted on imports of motor vehicles and original-equipment parts to the extent that the manufacturer importing such articles increased the Canadian content of its exports of all automotive products over that achieved in a base period. This plan did contribute to increased exports of Canadian automotive products to the United States, and this led to the filing of a countervailing duty complaint against the plan by an independent parts manufacturer in the United States.

The full impact of the duty-remission plan upon automotive trade between the two countries was not immediately apparent. Net direct investment expenditures on plant and equipment in Canada by the Canadian affiliates of the Big Four increased substantially after the duty-remission plan became effective. However, it takes several years to realize increased production as a result of increased net direct investment expenditure in the motor-vehicle industry. Before the impact of the duty-remission plan on automotive trade between the two countries could be fully realized, the United States-Canadian automotive agreement was signed by President Johnson and Prime Minister Pearson on January 16, 1965.

Terms of the Agreement

Fundamentally, the agreement obligates each of the two contracting parties (the United States and Canada) to accord duty-free treatment to imports from the other party of specified motor vehicles and parts for use as original equipment in the manufacture of such motor vehicles. The Government of Canada implemented the agreement in Canada through two Orders in Council Establishing Duty-Free Treatment (P.C. 1965-99 and P.C. 1965-100, The Motor Vehicles Tariff Orders of 1965) and simultaneously terminated the duty-remission plan. The Government of the United States implemented the agreement with the signing of the Automotive Products Trade Act of 1965 on October 21, 1965, applying duty-free treatment retroactive to January 18, 1965.

The obligation of the United States to accord duty-free treatment to imports from Canada applies to specified automotive products. First, duty-free treatment applies to motor vehicles, with the exception of certain "special purpose" vehicles, such as electric trolley buses, three-wheeled vehicles, trailers accompanying truck tractors, and motor vehicles specially constructed and equipped for special services and functions (e.g., fire engines). Second, duty-free treatment applies to parts (fabricated components) for use as original equipment in the manufacture of the specified motor vehicles but does not apply to replacement parts. In addition, trailers, tires, and tubes are specifically excluded. Third, the products of Canada specified in the agreement must meet a requirement that they contain no more than a certain percentage of "foreign" content to qualify for

duty-free treatment under the agreement. This "foreign" content is the content of materials produced in third countries other than the United States and Canada. For any article, the measure of such "foreign" content will be the percentage of the appraised customs value of the article upon entry into the United States accounted for by the aggregate value of such imported materials contained in the article. The maximum permitted "foreign" content for specified articles is as follows:

Motor vehicles----- 50%
 (From January 18, 1965, to
 January 1, 1968, this
 figure was 60%)

Chassis and parts-----50%

This requirement in effect guarantees that at least half of the content of any article imported duty free under the agreement will be produced in either the United States or Canada. The rest of the content may come from third countries and the article will still be entitled to duty-free treatment when imported into the United States. Consequently, original-equipment parts manufactured in third countries may be assembled into completed vehicles in Canada and imported into the United States, and no duty will be payable on said components, either to Canada (as will be seen) or to the United States, as long as the maximum permissible "foreign" content (50 percent) is not exceeded. However, original-equipment parts imported into the United States from third countries are not entitled to duty-free entry.

Like the obligation of the United States, the obligation of Canada under the agreement to accord duty-free treatment to imports from the United States applies to specified motor vehicles and original-equipment parts therefor, which excludes "special-purpose" motor vehicles, replacement parts, tires, and tubes. While annex A of the agreement does not contain specific content requirements that motor vehicles or original-equipment parts would have to meet to qualify for duty-free entry into Canada, it does restrict duty-free entry to motor vehicles and original-equipment parts imported into Canada by qualified manufacturers of motor vehicles in Canada.

In order to qualify for the right of duty-free entry into Canada for a given class of motor vehicles and original-equipment parts therefor, a Canadian manufacturer of motor vehicles of that class must meet three criteria set forth in annex A of the agreement:

- (1) The Canadian manufacturer must have produced motor vehicles of that class 1/ in each "quarter" of the base year 2/ and in any subsequent model year,
- (2) the ratio of the net sales value of the vehicles of that class produced 3/ by the manufacturer in Canada to the net sales value of all vehicles of that class sold by the manufacturer for consumption in Canada must be at least equal to its corresponding ratio for the base year (but no less than 75 to 100); and

1/ There are three classes of motor vehicles, namely passenger automobiles, buses, and special commercial vehicles.

2/ The "base year" is the 1964 model year, August 1, 1963 - July 31, 1964.

3/ Including vehicles destined for exportation.

- (3) the "Canadian value added" in the production of vehicles of that class in Canada must be at least equal to its level for the base year.

While these criteria had the effect of limiting duty-free entry rights to manufacturers already established in Canada prior to the agreement, the Canadian Government did reserve the right to designate "non qualified" manufacturers of a class of motor vehicles as entitled to the right to duty-free entry under the agreement, and the Government of Canada has exercised this right with several "non-qualified" producers. However, in order to be entitled to duty-free entry under the agreement, otherwise "non qualifying" manufacturers must generally establish production of motor vehicles of that class in Canada and meet conditions similar to those in (2) and (3) above determined for each individual "non qualifying" manufacturer of a class of motor vehicles. Consequently, a manufacturer must qualify under annex A of the agreement as entitled to duty-free treatment for each class of motor vehicle the manufacturer intends to import into Canada under the agreement, and if he fails to qualify for any given class of motor vehicle, the manufacturer must obtain a special designation of entitlement to duty-free treatment in the importation of motor vehicles of that class or original-equipment parts therefor.

These restrictions in the agreement itself are not transitional and have not been phased out by the Canadian Government. The consultations that took place in 1968 between the Governments of the United States and Canada did not lead to any change in either the terms or the status of the restrictions in annex A. However, the economic effect of (3) above has become increasingly less significant for the major Canadian motor vehicle manufacturers as the market in Canada has grown, and, at least for the established Canadian motor-vehicle manufacturers, it is of relatively minor importance today.

The collateral commitments made by the Canadian motor-vehicle manufacturers to the Government of Canada in the "letters of undertaking" involve essentially two different commitments made to the Government of Canada by Canadian motor-vehicle manufacturers to increase the production in Canada of motor vehicles and original-equipment parts, whether for consumption in Canada or for export to the United States. Each Canadian manufacturer committed its corporation to the following:

- (1) To increase in each current model year the "Canadian value added" in its production in Canada of motor vehicles and original-equipment parts over the amount achieved in the base year by a certain percentage $\frac{1}{2}$ of the growth in the market for the current model year for each class of vehicles sold by the manufacturer for consumption in Canada. Growth in the market is measured by the difference between the cost to the Canadian manufacturer of vehicles sold in Canada

$\frac{1}{2}$ For automobiles the percentage was 60 percent, for commercial vehicles (trucks) and buses, 50 percent.

during the model year and the cost to the manufacturer of vehicles sold in Canada during the base year, and

- (2) to increase the dollar value of "Canadian value added" in the production of vehicles and original-equipment parts over and above both the amount achieved in the base year and the amount of the increase achieved pursuant to (1) above by a certain stated amount 1/ during the 1968 model year, and to maintain that amount in each model year thereafter.

These commitments made to the Government of Canada by the Canadian motor-vehicle manufacturers in their "letters of undertaking" are still binding according to the terms of the letters themselves, which continue in full force and effect. Moreover, they are regarded as still binding by the motor-vehicle manufacturers themselves. Contrary to the statements made in the Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965 that "These letters expired on July 31, 1968," 2/ the letters of undertaking did not expire on July 31, 1968, or any subsequent date. The motor-vehicle manufacturers in Canada continue to comply with the commitments in their "letters of undertaking", and continue to report their compliance to the Government of Canada. The "letters of undertaking" continue in full force and effect, and their impact on trade will be discussed in the next section of this overview of the agreement.

1/For the Canadian affiliates of the Big Four motor-vehicle manufacturers, the combined figure was U.S. \$222 million.

2/ In the Fourth, Fifth, Sixth, and Seventh Annual Reports this sentence is at the end of the Introduction, in the Eighth and Ninth Annual Reports it is at the end of the section entitled Background.

A Comparison of Protective Conditions and Restrictions Imposed by the Government of Canada
Affecting Automotive Production and Trade Before and After the Agreement

Canadian Measures Prior to the Agreement	Canadian Measures Under the Agreement
<p>The relatively high most-favored-nation rates of duty on motor vehicles (17.5% ad valorem) and parts (17.5% and 25% ad valorem), <u>1/</u> encouraged certain levels of motor-vehicles production in relation to sales of motor vehicles in Canada.</p>	<p>The relatively high most-favored nation rates of duty on motor vehicles (15% ad valorem) and parts (15% and 20% ad valorem), <u>1/</u> <u>2/</u> and the requirements in annex A of the agreement which limit duty-free treatment to motor vehicles and parts imported by a manufacturer of motor vehicles in Canada, maintain at least the pre-agreement levels of motor-vehicles production in relation to sales of motor vehicles in Canada. <u>3/</u></p>
<p>A provision in the Canadian tariff structure provided duty-free treatment of certain original-equipment parts of a class or kind not made in Canada, if a manufacturer maintained a certain percentage (60% for the major producers) of Canadian content in its total production in Canada. <u>3/</u></p>	<p>The first collateral commitment in the "letters of understanding" requires a manufacturer to maintain "Canadian value added" in the production of motor vehicles and original-equipment parts as a certain percentage of the cost of vehicles of each class sold in Canada (60% for passenger automobiles).</p>
<p>The duty-remission plans of Canada which provided for the remission of duties on automotive imports to the extent that a manufacturer increased the Canadian content in its exports of automotive products, provided an incentive for increased levels of production in Canada, regardless of the level of consumption in Canada.</p>	<p>The second collateral commitment in the "letters of undertaking" which requires a manufacturer to increase "Canadian value added", in the production of motor vehicles and original-equipment parts by a certain lump sum in 1968, requires an increase in the value of Canadian production regardless of the level of consumption in Canada.</p>

28 35

1/ The enumerated rates of duty on parts apply to most parts.
2/ These small reductions in duties came in five stages as a result of the Kennedy Round negotiations.
3/ Annex A of the agreement, which provides conditional duty-free treatment for imports of motor vehicles and original equipment parts, is similar in substance to the provision in the Canadian tariff structure prior to the agreement which provided conditional duty-free treatment on certain imports of original-equipment parts of a class or kind not made in Canada. However, the comparisons in this chart are based upon similarities in the impact of the various measures, not upon their substantive similarities.

Economic Impact of the Agreement

A significant effect of the agreement upon the United States-Canadian motor-vehicle industry and market is the impact of the duty-free trade in motor vehicles and original-equipment parts by the two countries. Trade in automotive products between the United States and Canada has increased vigorously over the past 10 years under the agreement, and the Canadian manufacturers have been able to an extent to rationalize their production to take advantage of greater economies of scale. The motor-vehicle market in Canada has grown significantly during the past 10 years, to the point that Canadian per-capita registration of passenger automobiles is nearly equal to that of the United States. Nevertheless, passenger automobiles sold in Canada continue to be relatively more expensive at the retail level than comparable passenger automobiles sold in the United States.

The impact of the agreement on automotive production in the United States and Canada and the balance of automotive trade between the two countries is influenced largely by the impact of the restrictions imposed as conditions for duty-free entry by the Government of Canada in annex A of the agreement, and the collateral commitments made in the "letters of undertaking".

The restrictions in annex A that require the Canadian manufacturer to maintain his 1964 ratio of assembly to consumption and his 1964 level of "Canadian value added" in the production of complete motor vehicles had the effect of preserving the protection that the Canadian motor-vehicle industry had enjoyed under the pre-agreement tariff structure,

by insuring that Canadian assembly operations would grow proportionately with any increase in Canadian consumption, and by guaranteeing a certain minimum "Canadian value added" in the production of complete motor vehicles. However, the restrictions in annex A did permit an immediate rationalization of production pursuant to greater economies of scale. The restrictions in annex A did not have the effect of increasing Canada's share of United States-Canadian combined motor-vehicle production, at least as they applied to already established motor-vehicle manufacturers in Canada in the base year (the 1964 model year). As to manufacturers who intended to import a class of motor vehicles into Canada that they did not manufacture in the base year, the Government of Canada has generally required such manufacturers to establish assembly operations in Canada for that class of motor vehicles before designating such manufacturers as entitled to duty-free treatment for imports of that class of motor vehicles and original-equipment parts therefor. Accordingly, Canada has increased its share of United States-Canadian motor-vehicle production as a result of this procedure, but since most of the major motor-vehicle manufacturers (including the Big Four) were producing vehicles of the relevant class in 1964, the impact of this procedure while appreciable, was not major in its proportion.

The requirements of annex A, as they apply to the Canadian affiliates of the Big Four in their production of passenger automobiles in Canada, do not require an increase in Canada's share of United States-Canadian production, and since the passenger automobile production of the Big Four and their Canadian affiliates involves the great bulk of United States-

Canadian motor-vehicle production, the impact of these restrictions on the balance of automotive trade between the United States and Canada should not have been expected to be a major one. The Canadian affiliates of the Big Four manufacturers, in the aggregate, have consistently exceeded their 1964 ratio of assembly to consumption for passenger automobiles, trucks and buses since 1968, and the minimum "Canadian value added" restriction in the production of motor vehicles in Canada is no longer a significant restriction, due to the effects of inflation and the growth in the Canadian market. However, it should be noted that these observations may not apply to individual motor-vehicle manufacturers for some years with respect to some classes of motor vehicles. Chrysler Canada, for example, failed in 1973, 1974 and 1975 to meet its 1964 assembly to consumption ratio for trucks, and was required to establish new facilities for the production of trucks in Canada.

In speaking of the impact of the restrictions of annex A on United States-Canadian motor-vehicle trade, reference is made to the impact on the automotive trade balance of the two countries as it existed in 1964, under prior tariff structures and the duty-remission plan. ^{1/} At that time the United States enjoyed a favorable balance of automotive trade with Canada of approximately \$550 million. If Canada had implemented the agreement without any restrictions whatsoever, the balance of automotive trade would have changed significantly in favor of the United States.

^{1/} The full impact of the expanded duty-remission plan which was implemented in October 1963, was not immediately apparent in its effect on the balance of automotive trade between the United States and Canada in 1964. The plan did stimulate increased investment expenditures in automotive production facilities in Canada, but the effect of this increased investment on automotive trade was not realized until 1966. A countervailing duty order against the duty-remission plan in the United States appeared inevitable, unless the agreement were signed and the plan terminated.

The Canadian motor-vehicle and motor-vehicle parts industries appear to be less efficient and innovative than their counterparts in the United States. Implementation of duty-free treatment in Canada without any conditions or restrictions whatsoever would have had a very serious detrimental impact on the Canadian automotive industry. Consequently, all of the restrictions in annex A are of importance when compared to what the level of automotive production in Canada might have been without comparable protection for the Canadian automotive industry. Rather the object of this discussion is to explain what has happened since 1965 to the favorable position that the United States enjoyed in its automotive trade with Canada during the years immediately prior to the agreement, a period during which the United States enjoyed a favorable balance of automotive trade with Canada (approximately \$550 million in 1964) and during which the Canadian automotive industry enjoyed the protection of the Canadian tariff structure and the then recently implemented duty remission plan. 1/

The impact of the commitments made in the "letters of undertaking" appears to be more substantial than that of the restrictions in annex A of the agreement, particularly as they affect the production of passenger automobiles and original-equipment parts therefor in Canada. The requirement that a Canadian manufacturer increase "Canadian value added" by a certain percentage (60 percent for passenger automobiles) of the growth in the market for each class of vehicles sold in Canada by the manufacturer has the effect of preserving "Canadian value added" at approximately

1/ See footnote on preceding page.

60 percent of the value of Canadian consumption of passenger automobiles. This requirement preserved another aspect of the Canadian tariff structure prior to the agreement, whereby a Canadian manufacturer had to maintain under that structure "Canadian value added" at a certain percentage (for the larger manufacturers, 60 percent) of Canadian production of motor vehicles to be entitled to import original-equipment parts of a class or kind not made in Canada duty free. Under the Canadian tariff structure prior to the agreement "Canadian value added", if maintained at a certain percentage of Canadian production, was also maintained at an approximate percentage of Canadian consumption, since the high tariff rates on complete motor vehicles had the effect of tying Canadian production to Canadian consumption of motor vehicles.

Consequently, the requirement that "Canadian value added" be maintained at a certain percentage of Canadian consumption (at a percentage approximately equal to its pre-agreement level), should not have substantially affected the balance of trade between the two countries. Indeed, the United States is free to contribute the remaining content as a percentage of the value of Canadian consumption under this commitment. Approximately 40 percent of the value added in Canadian consumption for automobiles (50 to 60 percent for trucks and buses depending on the manufacturer) can come from the United States in spite of this commitment, and since the United States parts industry is more innovative and efficient than its Canadian counterpart, there is an incentive to source this remaining percentage in the United States. Accordingly, as Canadian consumption grows, the United States automotive exports to Canada tend to

increase. This is essentially the situation that existed prior to the agreement, when the United States enjoyed a surplus in automotive trade with Canada that increased as the Canadian market grew, with United States exports of parts the major factor. In conclusion, the requirement that "Canadian value added" be maintained as a percentage of the Canadian market roughly equal to its 1964 level, would not alone have the effect of increasing Canada's 1964 share of United States-Canadian motor-vehicle production, or drastically influencing the 1964 balance of automotive trade between the United States and Canada.

The second commitment in the "letters of undertaking", that "Canadian value added" be increased by a lump sum (the aggregate figure for all the manufactures in Canada was \$241 million) by the 1968 model year, over and above the increase required as a percent of the growth in the market in the first commitment in the "letters of undertaking", had a much different effect. The effect of this second commitment--in that it required an increase in the value of Canadian production, regardless of the level of consumption of the automotive products in Canada--was to increase Canada's share of United States-Canadian motor-vehicle production. This second commitment also has the tendency to decrease the surplus the United States enjoyed in automotive trade with Canada, at least to the extent this lump-sum increase in Canadian automotive production is not offset by United States contributions to the growth in the Canadian market. However, at any event, the most this lump sum increase in "Canadian value added" would detract from the United States surplus in automotive

trade with Canada is the amount of the increase itself, 1/ or \$241 million (\$221.9 million for the Canadian affiliates of the Big Four). In addition, \$241 million amounted to roughly one percent of the value of the United States-Canadian combined automotive production at the time, and this requirement alone would only increase Canada's share of United States-Canadian automotive production by approximately one percent of that production. This requirement also has had the effect of increasing employment in Canada at the expense of the United States, but its impact on employment would similarly have been appreciable, but not major in proportion.

It should be noted that the commitments that the Canadian automotive industry made in the "letters of undertaking" benefit the original-equipment parts producers in Canada, whether they are related to the Canadian affiliates of United States manufacturers or are wholly independent. Canadian exports of original-equipment parts to a United States motor-vehicle manufacturer are counted towards the fulfillment of the commitments that the Canadian affiliate of said United States manufacturer made in its "letter of undertaking", regardless of whether the Canadian affiliate of said manufacturer produced the parts. This understanding, that exports of original-equipment parts from an unrelated Canadian parts producer could count in the calculation of a Canadian manufacturer's Canadian value added", is an incentive for motor-vehicle manufacturers to source original-equipment parts in Canada. This incentive presumably

1/ Since this figure is a figure based on cost of production, it may be slightly understated in terms of its effect on the balance of trade.

accounted for the expansion of parts producing facilities in Canada, and for the establishment of plants in Canada by independent United States parts producers, as part of the effort by the Canadian affiliates of the major United States motor-vehicle manufacturers to meet the commitments made in their "letters of undertaking". Nevertheless, the motor-vehicle assembly operations in Canada continue to be the major contributor to fulfilling the commitments made in the "letters of undertaking".

In the foregoing discussion, the conclusion was reached that the primary effect of the restrictions in annex A and the commitments in the "letters of undertaking" is to guarantee a level of Canadian production of passenger automobiles and original-equipment parts as a proportion of Canadian consumption to passenger automobiles, with the \$241 million increase contributing to a small increase in Canada's proportionate share of United States-Canadian combined automotive production and employment, and a decrease not exceeding \$241 million in the United States surplus in automotive trade with Canada. In addition, the start up of assembly operations by motor-vehicle manufacturers, not established in Canada in 1964, contributed to an additional increase in Canada's share of United States-Canadian motor-vehicle production and employment. Nevertheless, all of these requirements and commitments in annex A and the "letters of undertaking" taken together probably would not cause the 1964 surplus of \$550 million that the United States enjoyed in automotive trade with Canada to move into a substantial deficit, and they certainly would not explain the magnitude of the deficit during the years 1968 through 1972 (see graph on following page), unless the Canadian manufacturers exceeded

United States Balance of Automotive Trade With Canada, 1960-74, As Reported in Three Major Statistical Series of the United States Government

Millions of U.S. Dollars

+1,750

+1,500

+1,250

+1,000

+750

+500

+250

U.S. Surplus
U.S. Deficit

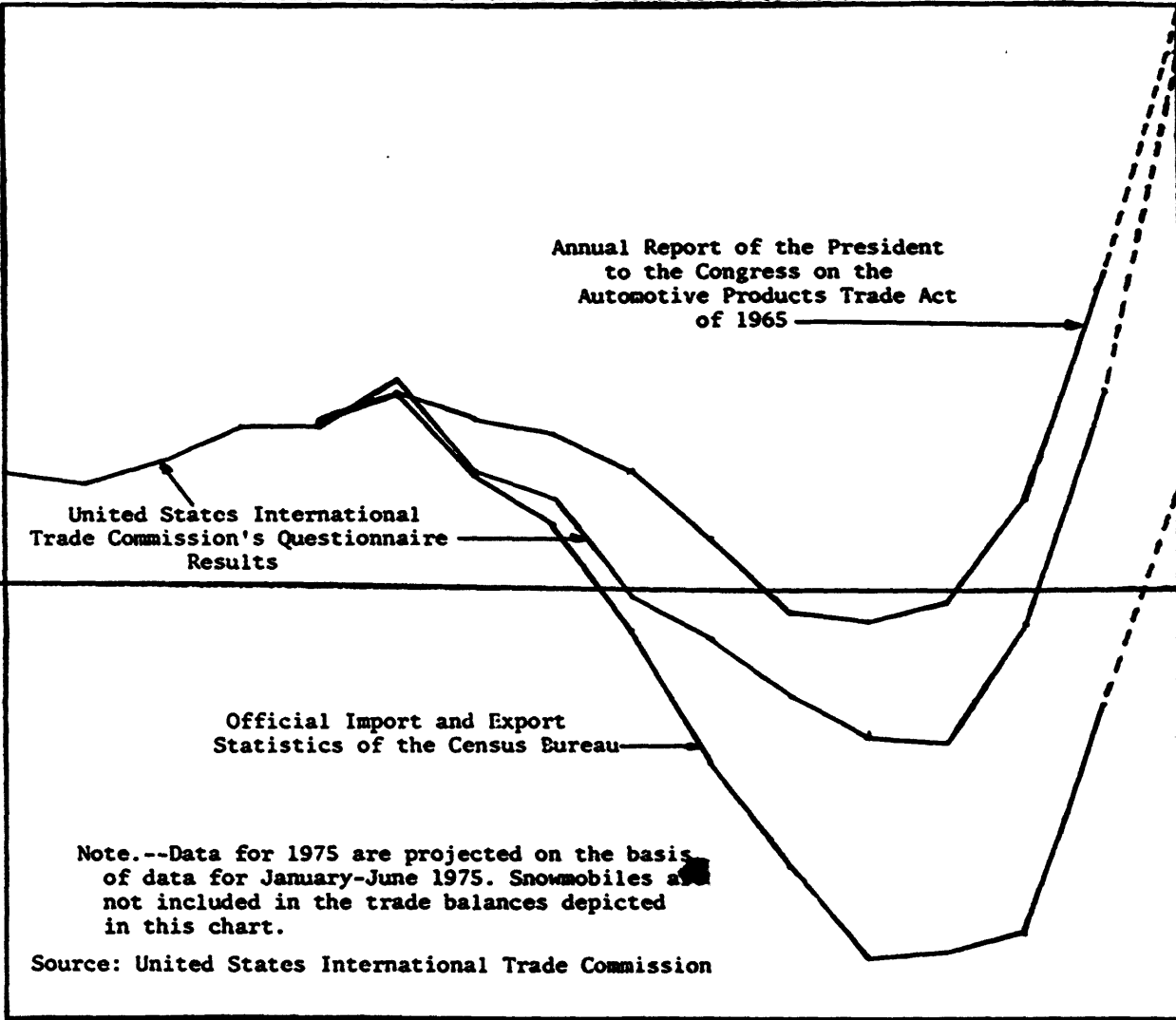
-250

-500

-750

-1,000

-1,250



United States International Trade Commission's Questionnaire Results

Annual Report of the President to the Congress on the Automotive Products Trade Act of 1965

Official Import and Export Statistics of the Census Bureau

Note.--Data for 1975 are projected on the basis of data for January-June 1975. Snowmobiles are not included in the trade balances depicted in this chart.

Source: United States International Trade Commission

1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975

the requirements in annex A and the "letters of undertaking". The answer to this apparent contradiction is that the Canadian manufacturers did substantially exceed the levels of production, especially of passenger automobiles, required by the restrictions and commitments in annex A and the "letters of undertaking". ^{1/} It appears that this phenomenon resulted from the behavior of the market for motor vehicles in Canada.

As mentioned earlier the market in Canada for United States-Canadian-type motor vehicles grew between 1960 and 1964 by approximately 63 percent. This market continued to grow during the period 1965-1968, so that by 1968 this market had nearly doubled its 1960 level of consumption. The Canadian manufacturers had to vigorously expand automotive production facilities in Canada to meet the requirements imposed by the prior tariff structure and the remission plan, and, after the agreement, by annex A and the "letters of undertaking", including the lump sum increase in "Canadian value added" by the 1968 model year, which was fully a third greater by itself than the level of "Canadian value added" achieved in 1964. Consequently, annual net direct investment expenditures in plant and equipment for the production of automotive products in Canada was quite substantial during the years 1964 through 1967, at an average annual rate double that for the years 1970 through 1974. Since the majority of the restrictions in annex A and the commitments in the "letters of undertaking" were keyed to a growth in the Canadian market, this substantial increase in capacity in Canada was necessary to meet the growth in the market at that time, and to anticipate

^{1/} "Canadian value added" for the Canadian affiliates of the Big Four was 92 percent of the cost of vehicles sold in Canada in 1970, 96 percent in 1971.

the continued expansion in the Canadian market. ^{1/} It will be noted from the graph in this section that the United States, by two of the three indicators, had moved into a deficit position in its automotive trade with Canada by 1968, but the deficit was not substantial. The lump sum "Canadian value added" having been realized in 1968, and net direct investment expenditures in Canada beginning to decline, the balance of trade with Canada might have been expected to improve in favor of the United States thereafter, if the market in Canada continued to grow.

However, from 1968 through 1971 the market in Canada for United States-Canadian-type motor vehicles, measured in terms of the value of such vehicles sold for consumption in Canada, actually declined during this period, a period during which the United States market remained quite strong. The capacity established by the Canadian affiliates of the major motor-vehicle manufacturers, in anticipation of meeting their requirements for a growth in the Canadian market that did not materialize, became excess capacity in Canada, and since the United States is Canada's only export market for United States-Canadian-type motor vehicles and the United States market was relatively strong during the years 1968 through 1971, the United States moved into a substantial automotive trade deficit with Canada. Although there were steady increases in employment in the United States during this period, the conclusion is inevitable that there would have been a greater increase in United States automotive production and employment during the period were it not for the imports from Canada.

^{1/} See footnote, page 31 of this report.

During the period 1968 through 1971, the United States balance in automotive trade with Canada was influenced by a substantial deficit (\$129 million in 1970) in snowmobile trade under the agreement. However, the United States deficit in snowmobile trade with Canada has steadily decreased since 1970, and in 1974 amounted to only \$2.4 million.

The aforementioned graph in this section shows by all indicators that the balance of automotive trade with Canada began to improve sharply for the United States in the period 1971-1972, moving into a surplus position by 1973, according to two out of three indicators, and a projected surplus for 1975 by the third. The explanation for this development appears to lie in the fact that the Canadian market for United States-Canadian-type motor vehicles grew rapidly from 1972 through 1975, nearly doubling in the value of vehicles sold in Canada during this period. By 1974, the excess of Canadian production over the requirements of annex A and the "letters of undertaking" had become less significant, and in the case of a few manufacturers there is no longer any excess at all. United States producers may contribute a certain percentage of the growth in the market, in terms of value, to the actual increase in Canadian consumption of United States-Canadian-type motor vehicles, and the balance of trade has improved markedly in the United States.

The combination of inflation, the growth in the market in Canada and the fact that most manufacturers are now established in Canada, leaves only two of the five requirements in annex A and the "letters

of undertaking" with any substantial current impact on the balance of automotive trade between the two countries. The Canadian manufacturers must maintain their 1964 ratio of production to sales in Canada, and, as the 1968 lump sum value of \$241 million becomes less and less significant, 1/ they must maintain "Canadian value added" at a figure approaching 60 percent (for passenger automobiles) of the Canadian market. Consequently, the United States will be able to contribute the remaining percentage to the growth in the Canadian market, and its balance of automotive trade with Canada should continue to improve as long as the motor-vehicle market in Canada grows. With the obvious exception of the fact that imports of motor vehicles and original-equipment parts are now accorded duty-free treatment by both countries, the factors determining the balance of automotive trade between the United States and Canada are now much as they were before the agreement, when the United States enjoyed a surplus in automotive trade with Canada which increased as the market in Canada expanded. However, as the market in the United States for United States-Canadian-type motor vehicles recovers from its depressed levels of 1974 and 1975, the rate of improvement for the United States in its balance of trade with Canada, as demonstrated by all the indicators on the aforementioned graph in this section, may be moderated somewhat, even if the Canadian market continues its growth.

1/ In 1974, the lump sum \$241 million "Canadian value added" requirement amounted to roughly 5 percent of the value of the Canadian market. Consequently, the level of "Canadian value added" to be maintained in automotive production in Canada would amount to roughly 63 percent of the value of passenger automobiles, 52 percent (42 percent for some manufacturers) of the value of all other vehicles. These figures are expected to approach 60 percent and 50 percent (40 percent for some manufacturers with the elapse of time.

In conclusion, Canada has used conditional duty-free treatment as an incentive to maintain certain levels of production in Canada as it did prior to the agreement, and it seems likely that Canada would continue this policy in the future even if the agreement were terminated. Canada presently accords conditional duty-free treatment under the Motor Vehicles Tariff Orders of 1965 to imports of motor vehicles and original-equipment parts therefor from all countries with which Canada has British Preferential or most-favored-nation commitments, even though Canada has entered into an agreement describing such conditional duty-free treatment with only one country, the United States. Indeed, when the agreement is examined in its totality, it is manifest that the only true concessions granted in the agreement are those granted by the Government of the United States according duty-free treatment to imports of automotive products manufactured in Canada. 1/ Other than the provisions in the agreement providing for consultations between the two Governments, the agreement contains no substantive concessions on the part of the Government of Canada except those that are subject to the commitments and obligations to the Government of Canada in annex A and in the "letters of undertaking."

It is quite possible that termination of the agreement and the reintroduction of duties in the United States on imports of motor

1/ If duty-free treatment under the agreement were not accorded to imports of automotive products assembled in Canada with the use of fabricated components, the product of the United States, such imports would be entitled to a partial exemption from duty subject to compliance with the requirements of item 807.00 of the Tariff Schedules of the United States.

vehicles and original-equipment parts therefor from Canada would cause the Government of Canada to seek further commitments from Canadian motor-vehicle manufacturers to increase their production in Canada. Such action, coupled with the reimposition of duties by the United States, would most likely have a serious detrimental impact on the Canadian motor-vehicle industry. The agreement as implemented by Canada is not a free-trade agreement, and it has primarily benefited the Canadian economy.

**SUGGESTIONS RECEIVED FOR CHANGES IN THE AGREEMENT
OR ITS OPERATION**

This section of the report deals with suggestions that have been made to the Commission during the course of this investigation; it also covers suggestions made during the 11 years that the agreement has been in existence. During the hearings held in connection with the Commission's investigation, those witnesses that addressed the subject of termination agreed that the agreement should not be terminated.

**Suggestions To Limit the Operation of
the Agreement**

Canada accords duty-free treatment to imports from any country (with which it has British preferential or most-favored-nation commitments) of automotive products described in the agreement, when imported into Canada by a "qualified" 1/ manufacturer in Canada. This has led to expressions of concern, owing to the fact that components from third countries may be imported into Canada duty free and assembled into a vehicle which in turn receives duty-free treatment under the agreement when imported into the United States. On the other hand, components from third countries may not be imported duty free into the United States for assembly into vehicles. One suggested solution to this problem is for Canada to limit its duty-free treatment under annex A of the agreement to motor vehicles and original-equipment parts that contain a minimum percentage of United States-Canadian content such as is required by the United States in annex B of the agreement.

1/ Pursuant to annex A of the agreement.

Another suggestion, which would have the effect of reducing the impact of this difference in the duty-free treatment accorded by the two countries under the agreement, is to increase the United States-Canadian content requirement in annex B of the agreement (for articles entitled to duty-free entry into the United States), from 50 to at least 75 percent, in order to discourage the motor-vehicle and motor-vehicle parts producers in Canada from shipping vehicles and component parts that contain substantial quantities of components sourced in third countries free of duty to the United States under the agreement. 1/

Suggestions To Extend the Operation of the Agreement

The third suggestion also concerns the difference in the duty-free treatment accorded by the two countries described immediately above. A United States snowmobile manufacturer has suggested that the United States grant duty-free treatment to imports from third countries of snowmobile parts (primarily engines) of a type not produced in the United States or Canada. This treatment would allow United States manufacturers of snowmobiles to be more competitive with their Canadian counterparts which can import under the agreement components free of duty from third countries for use in the assembly of snowmobiles in Canada.

Two other suggestions received by the Commission would expand the range of automotive products covered by the agreement. One suggestion

1/ See page 77 of this report for a more complete discussion of this proposal and its impact on the agreement.

proposes that chassis-cabs and chassis for trucks should be considered completed vehicles regardless of the final use to which the fully assembled vehicles are put. Many major motor-vehicle manufacturers sell chassis or chassis-cabs to smaller outfitters that outfit the vehicles into trucks (eligible for duty-free treatment), or into special-purpose vehicles such as snowplows, mobile clinics, fire-fighting vehicles, tow trucks, and the like (not eligible for duty-free treatment). The major United States motor-vehicle manufacturers are liable for duties on imports of chassis or chassis-cabs if they are subsequently outfitted into special-purpose vehicles. The manufacturers feel that the administration of this aspect of the agreement is unduly burdensome in light of the small amount of revenue involved in the payment of these duties.

Another suggestion of this kind is a proposal that all motor-vehicle parts should be allowed duty-free entry into the United States and Canada in bilateral trade, whether to be used as original equipment in the assembly of motor vehicles or whether to be used as service or replacement parts. Extension of the agreement to cover tires and tubes was also suggested. The United States motor-vehicle manufacturers especially support such extension of the agreement for replacement parts and tires and tubes if imported into Canada or the United States by or for the use of the motor-vehicle manufacturers. The United States parts producers support such extension to all parts regardless of whether they are imported into either country by or for the use of the motor-vehicle manufacturers or whether they are imported by

or for independent parts importers, parts wholesalers, parts retailers or private persons. The Canadian parts industry opposes such proposed extensions of the agreement.

Many United States interests suggest that Canada should not prohibit the entry of used motor vehicles. This suggestion does not concern the agreement itself, but it is alleged that this provision in the tariff structure of Canada has the tendency to curtail price competition in Canada for new and used motor vehicles. 1/

Suggestions To Eliminate or Modify the Conditions Imposed by the Government of Canada on Trade Under the Agreement

A familiar theme in comments upon the operation and terms of the agreement has been the concern expressed about the conditions imposed by Canada on duty-free treatment under the agreement, and the collateral commitments in the "letters of undertaking." 2/ The Committee on Ways and Means and the Committee on Finance have both expressed concern over the continued existence of these restrictions and collateral commitments, and their effects upon the attainment of the objective of the agreement of allowing market forces to determine the most

1/ However, only "qualified manufacturers meeting the restrictions and conditions in annex A would be entitled to import used vehicles free of duty, unless annex A were modified to provide for duty-free treatment on used motor vehicles imported by any firm or person in Canada.

2/ One novel suggestion made by Canadian parts manufacturers is that the current restrictive measures imposed by the Government of Canada under the agreement should be replaced by a regulatory scheme, whereby excessive surpluses or deficits in motor vehicles or motor-vehicle parts trade between the United States and Canada would be limited to a relatively narrow margin established by a bilateral commission that would monitor the operation of the agreement and its effect upon employment, production, and investment in the United States and Canada.

economic pattern of investment, production, and trade in the United States and Canada. 1/ The proposed Trade Act of 1970, as reported to the Senate by the Committee on Finance, contained an amendment to the Automotive Products Trade Act of 1965 which provided that the President should endeavor to secure the elimination by the Government of Canada of its duties and other import restrictions on automotive products produced in the United States, and if the elimination of such duties and import restrictions were not secured before January 1, 1973, the President should consider termination of United States participation in the agreement. It is apparent that the executive branch of the Government, Committees and individual members of Congress have always regarded these restrictions and commitments imposed by the Government of Canada relating to the agreement as transitional 2/; the Commission has no information that the Government of Canada has ever regarded the limitations in annex A or the collateral commitments in the "letters of undertaking" as transitional, or that they would ever phase out these restrictions and commitments. It appears that the Government of Canada has explored the possibility of making the collateral commitments more burdensome, at least in its discussions with one Canadian manufacturer. 3/

1/ Report of the Committee on Ways and Means to accompany H.R. 18970, H.R. Rep. No. 91-1435 91st Congress, 2nd Session 53 (1970). Report of the Committee on Finance to accompany H.R. 17550, S.R. Rep. No. 91-1431, 91st Congress, 2nd Session 286 (1970).

2/ See Report of the Committee on Finance to accompany H.R. 9042, contained in appendix IJ of this report.

3/ Hearing before the Committee on Finance on the Canadian Automobile Agreement, 90th Cong., 2d. Sess. 88 (1968).

Many United States interests favor the elimination of Canada's restrictions in annex A of the agreement--so that the right to import automotive products duty-free would extend to any person or firm in Canada--and the elimination of the collateral commitments in the "letters of undertaking." Failing the complete elimination of Canada's restrictions in annex A and the collateral commitments in the "letters of undertaking," several suggestions were advanced on how they could be made less restrictive:

1. The separate production to sales ratio requirements for each class of motor vehicle produced or sold in Canada by each firm should be combined into single production to sales ratio requirements for all classes of vehicles produced or sold in Canada by each firm. In this way, overfulfillment of such requirements for passenger automobiles could be balanced against underfulfillment of requirements on trucks or buses. The separate "Canadian value added" requirements should likewise be combined.

2. The production/sales ratio requirements and the "Canadian value added" requirements should be converted from annual model-year requirements to a 3-to 5-year requirement, with overfulfillment surpluses in 1 year being balanced against underfulfillment deficits in other years in the 3-to-5 year period.

The Commission received one suggestion involving a proposal to terminate an alleged restriction on automotive trade imposed by the Government of Canada which does not involve the agreement itself. The Commission has not had the opportunity to investigate this alleged

restriction, which appears to involve a possible violation of Article III of the GATT. It was alleged that the taxable value of United States-made vehicles may include certain costs not included in the taxable value of Canadian-made vehicles, which would have the effect of placing a higher tax on United States vehicles, and it was suggested that the valuation methods used for assessing the Canadian sales tax should be the same for United States-made vehicles sold in Canada as it is for Canadian-made vehicles sold in Canada.

Suggestion To Terminate the Agreement

Many of the foregoing suggestions concerning the agreement involve recommendations to limit the discriminatory impact of the preferential tariff treatment accorded under the agreement. The Commission is aware of only one bill currently pending before the Congress of the United States (S.2468), which would have the effect of terminating the duty-free treatment accorded motor vehicles and certain parts therefor imported from Canada under the agreement. While this proposed legislation would, as presently drafted, no doubt breach the obligations of the Government of the United States to the Government of Canada under the agreement, 1/ it is not certain that Canada would revoke the Motor Vehicles Tariff Orders of 1965, which Canada has used to implement the agreement.

1/ Art. III of the agreement provides that either Government has the right to terminate its participation upon 12 months' written notice of its intention to terminate.

ANTECEDENT CONDITIONS**United States and Canadian Automotive Production, Consumption
and Trade Flows Prior to 1965****United States and Canadian automotive production and consumption**

Throughout the post-World War II period prior to the signing of the United States-Canadian automotive agreement, General Motors, Ford, Chrysler and American Motors (the Big Four) were by far the major motor-vehicle producers in both the United States and Canada. In 1964, in terms of quantity, they accounted for 99.9 percent of the passenger cars and 86.6 percent of the trucks and buses produced in the United States; corresponding figures for Canada were 96.8 percent and 89 percent, respectively. ^{1/} Passenger-automobile final-assembly plants were located in 18 states. Passenger-automobile producing states and their shares of 1964 United States production in terms of quantities were: Michigan (33.9 percent), Missouri (11.1 percent), California (9.5 percent), Wisconsin (7.8 percent), New Jersey (6.9 percent), Ohio (5.1 percent), Georgia (5 percent), Delaware (4.8 percent), Texas (2.7 percent), New York (2.4 percent), Kansas (2.4 percent), Maryland (2 percent), Illinois (1.9 percent), Massachusetts (1.4 percent), Minnesota (1.3 percent), Kentucky (1.1 percent), and Virginia (0.8 percent). Indiana had been a producing state throughout the post-World War II period until 1963, when its passenger-automobile production terminated.

Trucks and buses were produced in the United States by many firms in addition to the Big Four. Of the 17 firms other than the Big Four

^{1/} See tables 25, 29, 67, and 69 of this report.

that remained in 1964, the major producers were International Harvester, White, and Mack. Together, these three companies accounted for 12.9 percent of the total number of trucks and buses produced in the United States. 1/ Truck and bus production was located in 18 states in 1964. Those states, and their shares of U.S. truck and bus output in 1964, were as follows: Michigan (25 percent), Ohio (22 percent), Missouri (12 percent), Indiana (4 percent), California (11 percent), New Jersey (6 percent), Wisconsin (4 percent), Georgia (2 percent), New York (3 percent), Kentucky (3 percent), Maryland (2 percent), and Texas, Virginia, Pennsylvania, Minnesota, Connecticut, Oregon, and Illinois (one percent or less each).

In Canada six companies manufactured nearly all the passenger cars produced in that country during the post-World War II period prior to 1965; they were, in addition to the Canadian affiliates of the Big Four, Studebaker, and Swedish-owned Volvo (which became established in Canada in 1963). In addition to General Motors, Ford, and Chrysler, the only Canadian truck producer of major significance was International Harvester. In 1964, International Harvester accounted for approximately 11 percent of the number of trucks produced in Canada. 2/ A number of smaller firms in Canada, some United States-owned or -controlled, made trucks and buses. Virtually all Canadian production of passenger automobiles, trucks, and buses was concentrated in the province of Ontario prior to 1965, although Nova Scotia also produced some passenger automobiles; some trucks were also produced in British Columbia prior to 1965.

1/ See table 67 of this report.

2/ See table 69 of this report.

Passenger automobiles have comprised the bulk of motor-vehicle production in the United States and Canada since World War II. By 1960, U.S. production of passenger automobiles numbered 6.6 million units, increasing in 1964 to nearly 7.7 million units. 1/ Canadian production of passenger automobiles totalled 325,000 units in 1960 and 557,000 units in 1964. 2/ In terms of the numbers produced, Canadian production of passenger automobiles constituted 4.6 percent of total United States-Canadian production in 1960 and 6.7 percent in 1964. 3/ In 1964 Canadian production of motor vehicles was the highest that it had ever been in Canadian automotive history.

Trucks and buses have accounted for a substantial share of United States-Canadian motor-vehicle production during the post-World War II period. In 1960, U.S. production of trucks and buses numbered nearly 1.2 million units, increasing in 1964 to 1.6 million units. 4/ Canadian production of trucks and buses increased from 70,000 units in 1960, to 109,000 units in 1964. 5/ Canadian production of trucks and buses accounted for 5.5 percent of total United States-Canadian production in 1960, and 6.5 percent in 1964. 6/ Although United States production of trucks and buses was at an all-time record level in 1964, Canadian production of such vehicles in 1964 was substantially lower

1/ See tables 24 and 91 of this report.

2/ See tables 28 and 92 of this report.

3/ See table 35 of this report.

4/ See tables 66 and 91 of this report.

5/ See tables 68 and 92 of this report.

6/ See table 72 of this report.

than it had been during the early 1950's. In 1952, Canada had accounted for 11 percent of United States-Canadian production of trucks and buses.

Since the production of completed vehicles is dependent upon the production of original-equipment parts, and such parts make up 65-75 percent of the cost of such completed vehicles, the original-equipment parts industry is a necessary component of the automotive industrial complex in the United States and Canada and the value added by manufacture in this industry is far greater than the value added by the assembly of motor vehicles in the United States and Canada.

Since World War II, thousands of firms, in addition to the motor-vehicle manufacturers, probably could have been considered regular suppliers of original-equipment parts to the U.S. motor-vehicle industry. Of the transfer value of total original-equipment production in the United States in 1964, \$6.6 billion, or nearly 44 percent of total production, was by independent vendors. 1/ Production of original-equipment parts for passenger automobiles, trucks and buses, in the United States prior to 1965 increased from \$9.1 billion in 1960 to \$15.1 billion in 1964 (an increase of 66 percent) and such production was completely dependent upon the requirements of the individual motor-vehicle manufacturers. Production of automotive parts in the United States was heavily concentrated in the Great Lakes States. By 1964, a number of the larger United States original-equipment parts producers had facilities in Canada (e.g., Eaton, Borg-Warner, Stewart-Warner).

1/ See tables 81 and 91 of this report.

Canadian production of original-equipment parts amounted to \$234 million in 1960 and to \$462 million in 1964 (an increase of 97.4 percent over 1960). Independent Canadian vendors accounted for \$377 million or 81.6 percent of the total production in 1964. 1/ In that year approximately 154 Canadian plants were engaged in the manufacture of automotive parts and accessories; this number represents an increase of approximately 40 firms from 1960. Automotive parts production for this period was concentrated in the Province of Ontario. The independent parts producers located in Canada were highly dependent on orders from large motor-vehicle manufacturers.

It should be noted that while overall demand for automotive products increased between 1960 and 1964, much of the increased Canadian parts production was likely a result of Canada's duty-remission plans, enacted in 1962 and expanded in 1963, which artificially stimulated both the production and exportation of such products.

Consumption of new passenger automobiles in the United States and Canada grew very rapidly following World War II, from 1.9 million vehicles in 1946 to 6.7 million vehicles in 1950. Sales of passenger automobiles in the United States and Canada exceeded the 1950 level prior to 1960 only in 1955, when United States-Canadian sales amounted to 7.6 million vehicles. In 1960, such consumption amounted to 7 million units, but in 1963 it amounted to 8.1 million units, and in 1964 it amounted to 8.7 million units. 2/ Canadian consumption increased much more rapidly

1/ See table 82 of this report.

2/ See table 1 of this report.

than United-States Canadian consumption between the late 1940's, when it accounted for 4-5 percent of United States-Canadian consumption, and 1961, when it accounted for 8.2 percent of United States-Canadian consumption. Non-United States-Canadian-type passenger automobiles accounted for a substantially larger share of Canadian consumption throughout the post-World War II period than they did of United States consumption. Such third-country imports accounted for less than 1 percent of United States consumption in 1950 as compared with 20 percent of Canadian consumption during the same year. By 1955, such third-country imports still accounted for less than 1 percent of United States consumption but their share of Canadian consumption had declined to 6 percent. During the late 1950's, third countries rapidly increased their shares of the United States and Canadian markets, to 10.3 percent of the United States market and 26.8 percent of the Canadian market in 1959. In 1960, third countries accounted for 7.6 percent of United States consumption and 28.1 percent of Canadian consumption. The growing popularity of United States-Canadian-type small passenger automobiles which had been introduced in the late 1950's, however, reduced the third-country share of the United States market to 6 percent by 1964, and their share of the Canadian market to 11.2 percent in the same year, 1/

In 1950, the number of United States-Canadian-type passenger automobiles sold in the United States was 6.3 million vehicles; in 1960,

1/ See tables 2 and 3 of this report.

it was 6.1 million vehicles; and in 1964, it was 7.6 million vehicles. 1/ In Canada, consumption of United States-Canadian-type passenger automobiles amounted to 262,000 vehicles in 1950, 322,000 vehicles in 1960, and 539,000 vehicles in 1964. 1/

During the period 1950-53, Canadian production of United States-Canadian-type passenger automobiles was greater than Canadian consumption of such vehicles, reflecting substantial Canadian production for export to third countries. Such production declined to a lower level than consumption in 1954 and remained at lower levels than Canadian consumption during the remainder of the pre-agreement period, except for 1964. In summary, Canada produced 4.1 percent of the number of United States-Canadian-type passenger automobiles produced in Canada and the United States in 1950, and consumed 4 percent. In 1960, Canadian production as a percent of United States-Canadian production was 4.6 percent while the Canadian share of United States-Canadian consumption was 5 percent. 2/ The comparable ratio for Canada's 1964 production was 6.7 percent, while its share of 1964 United States-Canadian consumption was 6.6 percent. Assuming 60 percent Canadian content in Canadian vehicles produced, Canada's share of United States-Canadian production was 2.5 percent in 1950, 2.8 percent in 1960, and 4 percent in 1964. Contrasted with Canada's share of total United States-Canadian consumption, a "gap" existed between it and Canada's share of United States-Canadian production of 1.5 percent in 1950, 2.2 percent in 1960, and

1/ See tables 2 and 3 of this report.

2/ See tables 18 and 35 of this report.

2.6 percent in 1964. 1/ Canada has argued that in an integrated motor-vehicle industry, it is wrong for such "gaps" to exist, and that some means should be available to aid it in closing the "gaps" and achieving a "fair share" of the United States-Canadian market.

United States and Canadian trade in automotive products

During the post-World War II period, United States-Canadian trade in automotive products was consistently characterized by United States surpluses in original-equipment parts and, to a lesser extent, in completed motor vehicles. U.S. exports of passenger automobiles increased from 14,000 vehicles in 1951 to 37,000 vehicles in 1958 and declined to 25,000 vehicles during 1959. In 1960 such exports amounted to 27,000 vehicles but declined to 7,000 vehicles in 1963, increasing to 15,000 vehicles in 1964. 2/ Canadian exports of passenger automobiles to the United States were substantially smaller in volume than were United States exports to Canada, amounting to fewer than 1,000 vehicles in any of the years 1951-59, and 1,000-2,000 vehicles during the years 1960-63. In 1964, at least partly as a result of Studebaker's transfer of its entire United States vehicle assembly operation from South Bend, Indiana to Hamilton, Ontario, Canadian exports of completed vehicles to the United States increased to 12,000 units. 3/

United States exports of trucks and buses to Canada were, likewise, far larger than United States imports of such vehicles from Canada

1/ $4.1 \times .60 = 2.5$, $4.8 \times .60 = 2.8$, and $6.7 \times .60 = 4.0$.

2/ See table 36 of this report.

3/ See table 47 of this report.

during the post-World War II period. By 1960, United States exports of trucks and buses to Canada amounted to 5,000 vehicles while Canadian exports to the United States amounted to fewer than 500 vehicles. 1/ In 1964, United States exports of trucks and buses to Canada, although at a lower level than in 1960, were still substantially greater than the level of Canada's exports to the United States. In that year, United States exports to Canada amounted to 3,000 vehicles, while Canadian exports to the United States continued to amount to less than 500 vehicles.

As important as trade in complete motor vehicles was, trade in original-equipment parts was the major component, in terms of value, of United States-Canadian trade in automotive products throughout the post-World War II period. Precise data on such trade, however, is only available from the Commission's questionnaires and only covers the period beginning in 1960. Original-equipment parts exported to Canada in 1960 from United States motor-vehicle manufacturers and United States independent vendors totalled \$306 million; of this, \$217 million or 71 percent of the total value exported was by United States motor-vehicle manufacturers. By 1964, United States exports of original-equipment parts to Canada had increased to \$559 million with United States motor-vehicle manufacturers accounting for \$388 million; however, their share of the total had declined to 69 percent. 2/ United States independent vendors,

1/ See tables 73 and 76 of this report.

2/ See table 82 of this report.

conversely, increased their share of the total value of original-equipment parts exported to Canada from 1960's 29 percent to 1964's 31 percent.

Exports by Canada to the United States of original-equipment parts in 1960 were valued at \$1 million. Of this, Canadian motor-vehicle manufacturers accounted for \$84,000 or less than 12 percent of the total. By 1964, Canadian exports to the United States of original-equipment parts had increased dramatically to \$45 million. Independent Canadian vendors accounted for nearly 100 percent of such exportation to the United States in 1964. Obviously, independent Canadian vendors were relatively more important in Canada than were United States independent vendors in the United States during the 1960-64 period. It is likely that the Canadian duty-remission plan inaugurated in 1962 and expanded in 1963, which supported the exportation of Canadian parts, had a significant effect upon such increased exportation during the period.

The United States export balance in original-equipment parts was nearly \$305 million in 1960, resulting in a substantial trade deficit for Canada. By 1964, the United States trade surplus in such parts had increased to \$514 million, increasing Canada's trade deficit accordingly. 1/

During the period prior to the United States-Canadian automotive agreement, the United States had a substantial surplus in its bilateral

1/ See table 87 of this report.

trade in all automotive products with Canada. That surplus rose from \$382 million in 1960 to \$545 million in 1964. 1/

United States and Canadian automotive prices

During the hearings before the United States Senate 2/ General Motors stated that its Oshawa, Ontario facility assembled a total of 595 different passenger car and truck models and that its most complex assembly operation in the United States produced 256 models, or less than half the number of the Canadian plant. In addition, the situation was further aggravated since Canadian customers had essentially the same choices of colors and accessories as did those in the United States. Long production runs (as typified by United States assembly plants) were not possible when the United States-Canadian automotive agreement was signed. While the United States plant might stamp out fenders or fabricate any other components for a single vehicle model continuously over the entire model year, the Canadian plant might produce right fenders for a particular model, then shut down for several hours to change dies, then produce a small number of left fenders for the same model, then change to the production of fenders for an

1/ A United States trade surplus with Canada of \$77 million in complete motor vehicles plus a United States trade surplus of \$305 million in original-equipment parts for 1960. In 1964, the United States trade surplus with Canada in complete motor vehicles had declined to \$31 million with the United States trade surplus in original-equipment parts accounting for the remaining \$514 million.

2/ Hearings before the Committee on Finance, United States Senate, 89th Congress, First Session on H.R. 9042, page 194.

entirely different model. As a result, Canada had higher costs and higher prices than the United States.

In 1964, the year prior to the United States-Canadian automotive agreement, factory list prices for passenger automobiles were higher in Canada than in the United States. In fact, for representative new passenger automobiles the Canadian factory list prices ranged from 9.2 to 30.4 percent higher than the United States factory list prices of corresponding models, not counting rebates, discounts, or negotiated prices in either the United States or Canada.

For example, in 1964, a four-door, six-cylinder sedan (the Plymouth Valiant) was factory priced in Canada at \$2,342 while the identical vehicle in the United States was factory priced at \$2,137, resulting in a price differential of \$205 or 9.6 percent. A four-door, eight-cylinder sedan (the Ford Custom) was priced in Canada and the United States at \$2,773 and \$2,539, respectively, resulting in a factory price difference of \$233 or 9.2 percent, and a two-door, eight-cylinder hardtop (the Buick Riviera) was factory priced in Canada at \$5,209 while being factory priced in the United States at \$3,995. The two-door, eight-cylinder model reflected a price differential at the factory level of \$1,214 or 30.4 percent.

At the retail level, manufacturers' suggested list prices included Canadian sales taxes of 11 percent, United States excise taxes of 10 percent, and dealer delivery and handling costs of \$23-\$65 for Canada and \$25-\$70 for the United States. Such manufacturers' suggested retail prices reflected price differentials of 9.9, 9.6, and 29.7

percent for the Plymouth Valiant, Ford Custom and Buick Riviera respectively. 1/ Again, the retail price differentials do not take into account rebates, discounts, or negotiated prices. It is recognized that virtually all retail sales of passenger automobiles in the United States and Canada are made at prices below the manufacturers' suggested retail prices.

United States and Canadian tariff structures

Since World War II, and before the implementation of the United States-Canadian automotive agreement, the United States imposed significantly lower duties on its imports of motor vehicles and parts than did Canada. The most-favored-nation rate of duty applicable to U.S. imports of passenger automobiles at the close of World War II was 10 percent ad valorem. During the 1950's and early 1960's this rate was lowered to 6.5 percent by reason of concessions granted by the United States in multilateral trade negotiations. That rate was lowered to 9.5 percent on June 30, 1956, 9 percent on June 30, 1957, 8.5 percent on June 30, 1958, 7.5 percent on July 1, 1962, and 6.5 percent on July 1, 1963. The U.S. most-favored-nation rate of duty applicable to trucks valued at \$1,000 or more each and motor buses was reduced from its post-World War II rate of 25 percent ad valorem to 12.5 percent on January 1, 1948, 11.5 percent on June 30, 1956, 11 percent on June 30, 1957, 10.5 percent on June 30, 1958, 9.5 percent on July 1, 1962, and 8.5 percent on July 1, 1963. The concession rate of duty applicable to

1/ See tables 107-109 of this report.

U.S. imports of trucks valued at \$1,000 or more each was suspended and the 25 percent statutory rate of duty became applicable to such imports as of January 7, 1964. 1/ Most U.S. imports of motor-vehicle parts were dutiable following World War II at the most-favored-nation rate of 25 percent ad valorem. This rate of duty was reduced to 12.5 percent on January 1, 1948, 11.5 percent on June 30, 1956, 11 percent on June 30, 1957, 10.5 percent on June 30, 1958, 9.5 percent on July 1, 1962, and 8.5 percent on July 1, 1963.

As noted previously, Canadian rates of duty applicable to most-favored-nation imports of motor vehicles and parts were substantially higher than those of the United States throughout most of the post-World War II period. Although the United States rate of duty applicable to trucks, buses and parts was 25 percent prior to 1948, which was substantially higher than the Canadian rate of duty applicable to motor vehicles and most parts imported into Canada, by 1948 the United States rate was substantially lower than the Canadian rate for virtually all vehicles and parts. 2/

1/ Effective January 7, 1964, the U.S. trade agreement rate of duty was suspended on a most-favored-nation basis pursuant to Presidential Proclamation 3564, of December 4, 1963. The action was taken in response to the imposition and maintenance by the European Economic Community of unreasonable import restrictions upon imports of poultry from the United States which directly and substantially burden U.S. commerce. The action, which also included the suspension of concession rates of duty on potato starch, certain brandy, dextrine, and soluble or chemically treated starches, was taken under the authority of section 252(c) of the Trade Expansion Act of 1962 and section 350(a)(6) of the Tariff Act of 1930, as amended.

2/ The only exception is the rate of duty applicable to trucks valued at \$1,000 or more each which have been dutiable upon entry into the United States at 25 percent ad valorem since January 7, 1964.

The basic Canadian most-favored-nation rates of duty have been relatively unchanged since 1936, and the major pre-agreement changes in Canadian treatment of imports occurred only in 1962 and 1963 with the duty-remission plans.

The Canadian tariff schedule for motor vehicles and parts following World War II and prior to the agreement consisted of a complex series of provisions designed to protect and promote the manufacture of both motor vehicles and parts in Canada. The basic tariff rates 1/ applicable throughout the period were 17.5 percent ad valorem for completed vehicles and most parts, and 25 percent ad valorem for most other components (including engines and automatic transmissions). A few articles were dutiable at 7.5 percent. For a large number of articles generally used in the production of parts (e.g., bearings, bushings, gaskets), entry was free of duty if the article was of a class or kind not made in Canada. Similarly, for a large number of articles generally used directly in the production of motor vehicles (e.g., carburetors, speedometers, and torque converters), entry was free if the article was of a class or kind not made in Canada and the article was to be used by a Canadian producer meeting a Commonwealth (effectively Canadian) content requirement. The content requirement was 40, 50, or 60 percent of the factory cost of production of automobiles, not including duties and taxes, incurred in the British Commonwealth; the greater the number of vehicles produced by the individual producer, the higher the percent

1/ The Canadian tariff rates discussed in the text are the most-favored-nation rates which apply to imports from the United States and most non-Commonwealth countries. For each tariff item, the schedule also contains general tariff rates (generally higher than most-favored-nation rates) and British Preferential Tariff rates (free for nearly all items).

of Commonwealth content required. Unlike the United States, Canada prohibited the importation of used or second-hand automobiles and motor vehicles of all kinds, manufactured prior to the calendar year in which importation into Canada was sought to be made. The individual provisions permitting conditional duty-free entry and prohibiting the importation of used motor vehicles afforded considerable indirect protection to Canadian producers of motor vehicles and parts. With the exception of somewhat reduced tariff rates since the implementation of the agreement, these basic provisions remain in effect at this time.

Governmental Studies and Programs

The Bladen report

In 1960, the Canadian Government appointed a Royal Commission on the Automotive Industry, with Professor V. W. Bladen as the sole Commissioner, to recommend measures "to provide increased employment in the economic production of vehicles for the Canadian market and export markets." The appointment of the Royal Commission resulted largely from concern about the lack of growth in Canadian motor-vehicle production and the substantial deficit in Canada's trade in automotive products.

In his report of April 14, 1961, Professor Bladen recommended an "extended content" plan. Canadian companies would be permitted to import motor vehicles and parts duty-free, conditional only upon fulfillment of certain percentages of Canadian content in their costs of production. Exported Canadian automotive products were to count toward the

fulfillment of the Canadian content; thus, the remission of import duties would operate to promote Canadian exports of parts. 1/

Canada's duty-remission plans

In November 1962, partly in response to the recommendations made in the Bladen Report, the Canadian Government initiated a program to stimulate exports of automotive products. Under an Order in Council, the duty paid by a Canadian automobile producer on imports of automatic transmissions and stripped engines (up to 10,000 engines for each producer) would be remitted to the extent that the Canadian content of automobile parts exported by the producer exceeded that of 12 months ending October 31, 1962 (the "base period"). 2/ A year later, effective November 1, 1963, the tariff-rebate plan was expanded; 3/ thereafter duties were remitted on all imports of motor vehicles and original-equipment parts to the extent that the company in question increased the Canadian content of its exports of all automotive products above that of the base period. 4/

1/ Professor Bladen offered seven recommendations which he regarded as complementary to one another. The six proposals not dealt with above were intended to relieve the tax burden on the industry and to improve its competitive position (especially against imported British cars).

2/ P.C. 1962-1/1536, Oct. 26, 1962. The suspension of a 25-percent import duty on automatic transmissions was terminated by the Order. Glass, fabrics, and rubber products (including tires and tubes) did not count toward export credits against duties, nor did the Canadian content of finished automobiles. Canadian content is that portion of the value of an article produced in Canada derived from indigenous Canadian sources.

3/ P.C. 1963-1/1544, Oct. 22, 1963. Parts were defined as motor-vehicle parts that if imported into Canada would be classified under tariff items 410a, 424, and 438a-438u.

4/ For purposes of the plan, exports were construed as including purchases of Canadian parts directly from an independent Canadian supplier by foreign affiliates of the Canadian manufacturer. A Canadian motor-vehicle producer could qualify for such duty remissions only if at least 40 percent of the total number of vehicles which it sold in Canada were produced in Canada.

The threat of U.S. countervailing duties

On April 15, 1964, the Modine Manufacturing Company of Racine, Wisconsin, a producer of automobile radiators, filed a petition with the Commissioner of Customs under section 303 of the Tariff Act of 1930. 1/ The petitioner charged that the Canadian export-incentive program constituted a bounty or grant on the exportation of automobile parts to the United States and requested that a countervailing duty of 25 percent be levied on imports of such products from Canada. 2/ On July 21, 1964, the Automotive Service Industry Association, a trade association which then represented some 5,000 producers, rebuilders, and distributors of automobile parts, filed a brief with the Bureau of Customs in support of Modine's position.

On June 3, 1964, the Treasury Department instituted an investigation to determine whether the Canadian export-incentive plan in fact constituted the payment or bestowal of a bounty or grant within the meaning of section 303. 3/

On January 12, 1965, the Automotive Service Industry Association, together with four independent parts manufacturers, 4/ filed suit against the Secretary of the Treasury in United States District Court for the District of Columbia, asking that a writ in the nature of mandamus be

1/ The text of sec. 303 is shown in appendix C of this report.

2/ Before the Commissioner of Customs: Memorandum in Support of Petition for Issuance of a Countervailing Duty Order Pursuant to Section 303, Tariff Act of 1930, with respect to Motor Vehicle Radiators Exported from Canada with Benefit of a Bounty or a Grant, April 15, 1964.

3/ 29 F.R. 7249.

4/ Century Foundry of St. Louis, Mo.; Iron City Spring Co. of Pittsburgh, Pa.; Muskegon Piston Ring Co. of Muskegon, Mich.; and Service Spring Co. of Indianapolis, Ind.

issued compelling the Secretary to levy the countervailing duties requested under the petitions of April 15, 1964, and July 21, 1964. 1/ On January 16, 1965, 4 days after the suit was filed, the automotive agreement was signed and Canada amended the Order in Council to provide that duty remissions would not be paid as a result of any exportation after January 17. In view of Canada's action, the Treasury Department terminated the investigation on January 18. 2/ The District Court action filed by the Automotive Service Industry Association was dismissed without prejudice on May 18, 1965.

1/ Automotive Service Industry Association, et al. v. Dillon, D.D.C. Civil No. 79-65.

2/ 30 F.R. 764.

THE AGREEMENT CONCERNING AUTOMOTIVE PRODUCTS BETWEEN THE
GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE
GOVERNMENT OF CANADA, AND THE "LETTERS OF UNDER-
TAKING" RELATING TO THE AGREEMENT

Negotiations to resolve the automotive trade difficulties between the United States and Canada began in earnest during the summer of 1964. These discussions led to the signing of the Agreement Concerning Automotive Products between the Government of the United States of America and the Government of Canada 1/ on January 16, 1975, by Prime Minister Pearson and President Johnson.

Terms of the Agreement

Preamble

In the preamble of the agreement the two Governments state their determination to strengthen economic relations between the two countries, and assert that this could best be achieved through the stimulation of economic growth and the expansion of markets available to producers in both countries within the framework of their established policy of promoting multilateral trade. They further assert that expansion of trade could best be achieved through the reduction or elimination of tariffs and other barriers to trade operating to impede or distort the full and efficient development of each country's trade and industrial potential. Finally, they note the important place of the automotive industry in both countries and the interests of industry, labor and consumers in sustaining high levels of efficient production and continued growth in the industry.

1/ For the text of the agreement, see appendix E of this report.

Objectives

Three basic objectives were set out in article I of the agreement. The first is to create a broader market for automotive products to permit achievement of the full benefits of specialization and large scale production. The second objective is the liberalization of United States and Canadian automotive trade in respect to tariff barriers and other factors tending to impede the trade, with a view to enabling the industries of both countries to participate in the expanding total market of the two countries on a fair and equitable basis. The third objective is the development of conditions in which market forces may operate effectively to obtain the most economic pattern of investment, production and trade. In article I the Governments also agreed to avoid actions which would frustrate the achievement of these objectives.

Operating provisions

In article II (a), the Government of Canada agreed to accord duty-free treatment to imports of the products of the United States described in annex A of the agreement, at a date not later than the entry into force of legislation contemplated in paragraph (b) of article II to be passed by the United States Congress implementing the agreement. The extent of duty-free treatment to be accorded exports of automotive products of the United States to Canada was subject to the provisions of annex A. These provisions will be described in conjunction with the effect of the so-called "letters of undertaking" in subsequent sections of this report. 1/

1/ See page 84 of this report.

In article II (b), the Government of the United States agreed to seek enactment of legislation authorizing duty-free treatment of imports of the products of Canada described in annex B, during the session of the United States Congress commencing on January 4, 1965. The Government of the United States also agreed, in seeking such legislation, to seek authority permitting the implementation of such duty-free treatment retroactively to the earliest date administratively possible following the date upon which the Government of Canada accorded duty-free treatment. The Government of the United States agreed to accord duty-free treatment to the products of Canada described in annex B promptly after the entry into force of the anticipated legislation.

Thus, the two Governments agreed in article II of the agreement to provide duty-free treatment for imports of certain automotive products from the other contracting party. However, annexes A and B to the agreement govern the extent of duty-free treatment accorded automotive imports by the Governments of Canada and the United States, respectively. These provisions governing the duty-free treatment of imports will be examined in subsequent sections of the report.

Article III of the agreement provides that the commitments made by the two Governments in the agreement should not preclude action by either Government consistent with its obligations under part II of the General Agreement on Tariffs and Trade. Such actions include the imposition of antidumping or countervailing duties or import restrictions pursuant to escape-clause or national-security provisions. A recent action of this kind taken with respect to automotive trade covered by the agreement

has been in response to a complaint filed by United States Congressman John Dent under the Antidumping Act of 1921, as amended, alleging in part that new passenger automobiles imported from Canada were being dumped in the United States. 1/ The Department of the Treasury is currently investigating the complaint.

In article IV, the two Governments provide for further consultation with respect to matters covered by the agreement. Paragraph (a) of article IV is a general consultation provision enabling either Government to request consultations on any matter relating to the agreement. Paragraph (b), without limiting paragraph (a), provides for special consultation between the two Governments with respect to problems of United States automotive producers who did not at the time of the signing of the agreement have production facilities in Canada. In this regard, paragraph 3 of annex A provides that a manufacturer not meeting the requirements of annex A could nevertheless be designated as entitled to duty-free treatment in respect to the goods described in the annex. The requirements of annex A, as previously noted will be discussed in detail in subsequent sections of this report. 2/

Paragraph (b) of article IV further provides for special consultations which might be needed with respect to the operation of new automotive producers becoming established in Canada. This provision was apparently intended to provide a procedure for consultation should non-United States-Canadian firms become established in Canada without being

1/ An additional complaint filed by the UAW on July 11, 1975, did not name Canada as the source of automobiles allegedly sold at less-than-fair-value in the United States.

2/ See page 102 of this report.

required to undertake significant production in Canada. The United States-Canadian content requirement for duty-free entry into the United States in paragraph 3 of annex B also anticipates this problem. 1/

Paragraph (c) of article IV provides for a comprehensive review no later than January 1, 1968, of the progress towards achieving the objectives set forth in article I. During the review, the Governments were to consider such further steps that would be necessary or desirable for the full achievement of these objectives. This review did take place in 1968.

In article V the two Governments agreed that either or both countries could conclude similar agreements with third countries, providing access to the Canadian and/or United States markets, of the kind provided by the agreement.

Article VI, provided for the provisional entry into force of the agreement on the date of its signature and its definitive entry into force when notes were exchanged between the two Governments giving notice that the appropriate action in their respective legislatures had been completed. Appropriate action for the U.S. Government consisted of the enactment of a proposed Automotive Products Trade Act of 1965. Appropriate action for the Canadian Government entailed consideration of the agreement by the Canadian Parliament. The implementation of the agreement will be considered in greater detail in subsequent sections of this report.

Article VII established an unlimited duration for the agreement, with the qualification that each Government could terminate the agreement

1/ See page 77 of this report.

upon 12 months written notice to the other Government of its intention to terminate.

Provisions affecting duty-free entry into the United States--
Annex B of the agreement

Article II(b) of the agreement provided that the Government of the United States would seek legislation authorizing duty-free treatment of imports of the products of Canada described in annex B, and accord duty-free treatment to such imports. Annex B specifies those products of Canada which are entitled to duty-free treatment. 1/

Annex B specifies two general categories of products of Canada which are entitled to duty-free entry into the United States. Paragraph (1) lists motor vehicles for the transport of persons or articles currently provided for in items 692.02, 692.04, and 692.10 of the Tariff Schedules of the United States (TSUS) and chassis therefor, but not including electric trolley buses, three-wheeled vehicles, or trailers accompanying truck tractors, or chassis therefor. Paragraph (2) specifies fabricated components, except trailers, tires, or tubes for tires, for use as original equipment in the manufacture of motor vehicles of the kind described in paragraph (1). However, the items described in paragraphs (1) and (2) as entitled to duty-free entry into the United States are subject to a United States-Canadian content limitation which is set forth in paragraph (3). Paragraph (3) provides that articles of the kind described in paragraphs (1) and (2) above include such articles whether finished or unfinished but do not include any article

1/ See appendix C of this report.

produced with the use of materials imported into Canada which are products of any foreign country (outside the customs territory of the United States), if the aggregate value of the imported materials when landed at the Canadian port of entry, exclusive of any landing cost and Canadian duty, was (a) with regard to the motor vehicles described in paragraph (1), (not including chassis) more than 60 percent until January 1, 1968, and thereafter more than 50 percent of the appraised customs value of the article imported into the customs territory of the United States; and (b) with regard to chassis of the kinds described in paragraph (1), and articles of the kinds described in paragraph (2), more than 50 percent of the appraised customs value of the articles imported into the United States.

In summary, annex B limits the duty-free treatment of motor vehicles under the agreement to trucks, buses and passenger vehicles (specified in TSUS 692.02, 692.04, 692.10) if the aggregate value of the materials (used in the manufacture of the vehicle) which are produced outside the United States and Canada, is not greater than 60 percent until January 1, 1968, and not greater than 50 percent thereafter, of the appraised customs value of the article imported into the United States. Similarly, duty-free treatment of automotive components is limited to original-equipment parts (and chassis) for use in the manufacture of motor vehicles covered by the agreement, if the aggregate value of the materials used in the manufacture of the part, which had been produced outside the United States and Canada, was not greater than 50 percent of the appraised customs value at entry. Used automobiles are entitled

to duty-free entry into the United States under the provisions of annex B. In addition, there is no restriction on who may import vehicles duty free under the agreement. This latter provision contrasts sharply with the provisions in annex A, which determine the extent of duty-free treatment accorded by the Government of Canada to automotive products of the United States.

The United States-Canadian content provisions of annex B were intended to insure that Canada would not become a conduit for the importation of motor vehicles and original-equipment parts manufactured in other countries, by providing that at least 50 percent of the product imported duty free under the agreement had to be manufactured in the United States and Canada.

These provisions were incorporated in TSUS general headnote 3(d), in the definition of "Canadian article". The Commission is aware of no instance in which duties have been imposed upon motor vehicles or original-equipment parts imported into the United States from Canada by the major domestic motor-vehicle manufacturers because the articles failed to meet the United States-Canadian content requirement (i.e., were not "Canadian articles," as defined in TSUS general headnote 3(d)).

Pursuant to these provisions, original-equipment parts manufactured in third countries may be assembled into complete motor vehicles in Canada and imported into the United States, and no duty will be payable on said components, either to the Government of Canada (as shall be seen) or to the Government of the United States, as long as the

completed vehicles are "Canadian articles", i.e., the maximum permissible third country content (50 percent) is not exceeded. This duty-free route into the United States for components manufactured in foreign countries other than Canada has produced concern on the part of the United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW). The UAW considers it essential that at least 75 percent of the content of any article specified in the agreement be produced in the United States and Canada in order for the article to be entitled to duty-free treatment under the agreement. The UAW points out that over 1,500 workers have been laid off at plants in the United States that produce engines and transmissions for assembly into vehicles in Canada, and that identical engines and transmissions produced in third countries are being used in assembly operations in Canada, and are imported free of duty into the United States as part of finished motor vehicles.

Indeed the information gathered by the Commission during the course of its investigation indicates that the volume of original-equipment parts imported into Canada from third countries duty-free under Canada's Orders in Council implementing the agreement is increasing for certain manufacturers, and it would appear that the duty-free treatment these articles receive upon entry into Canada and subsequently upon entry into the United States, when incorporated into a vehicle assembled in Canada, provides an incentive for using articles produced in third countries. While limiting the permissible third country content to 25 percent would not eliminate the use of original-equipment parts produced in third

countries in assembly operations in Canada, it would reduce the incentive to import the components into the United States as part of completed vehicles. It would also eliminate any incentive to establish assembly operations in Canada to take advantage of the fact that original-equipment parts may be imported into Canada from third countries duty-free pursuant to the motor vehicles Tariff Orders of 1965, and may not be imported duty-free into the United States under the Automotive Products Trade Act of 1965, except as part of an article not exceeding the maximum third country content requirement.

Indeed, increasing the United States-Canadian content requirement in section 403 in the Automotive Products Trade Act of 1965 would make that section more consistent with section 503(b)(2)(E) of the recently enacted Energy Policy and Conservation Act, Public Law 94-163, whereby an automobile is considered domestically manufactured if at least 75 percent of the cost of such automobile is attributable to value added in the United States and Canada. However, amending section 403 of the Automotive Products Trade Act to increase the required United States-Canadian content in the definition of "Canadian article" would constitute a breach of the obligations of the Government of the United States to the Government of Canada under the agreement, and such action should not be taken unilaterally.

Provisions affecting duty-free entry into Canada--Annex A
of the agreement

Article II(a) of the agreement provides that Canada will accord duty-free treatment to imports of the products of the United States described in annex A. Accordingly, annex A specifies those products

of the United States which are entitled to duty-free treatment upon entry into Canada. 1/

Like annex B, those articles specified in annex A of the agreement include specified motor vehicles (passenger automobiles, buses, and specified commercial vehicles) and original-equipment parts therefor (other than tubes and tires). Used motor vehicles are excluded from importation into Canada under Canadian tariff regulations.

The articles specified in annex A are entitled to duty-free entry into Canada only when imported from the United States by a motor-vehicle "manufacturer". In order to qualify as a "manufacturer" under the agreement, a firm must meet certain conditions which are designed to maintain a certain level of motor-vehicle production in Canada. This is accomplished with the three provisions in annex A (5).

The first condition provides that a manufacturer, in order to import motor vehicles of a specified class (namely automobiles, buses, or specified commercial vehicles) or original-equipment parts therefor duty-free, must have produced vehicles of that class in Canada in each of the four consecutive three-month periods during the base year (i.e., the 1964 model year). This provision has the effect of limiting the benefits of the agreement to those motor-vehicle manufacturers that had assembly operations in Canada prior to the agreement.

The second condition required the manufacturer to maintain at least the base-year ratio of its production in Canada of vehicles of each class (passenger automobiles, buses or specified commercial vehicles) to its

1/ See appendix E of this report.

sales of vehicles of those classes for consumption in Canada, in terms of value. In terms of production, this provision has the effect of preserving at least Canada's 1964 share of the Canadian market. This share is determined by taking the ratio of the net sales value of Canadian production of vehicles of a class for a model year to the net sales value of Canadian consumption of vehicles of that class for the same model year. For each manufacturer, this ratio in each model year has to be equal to or higher than the ratio for the base year (1964 model year), and in any case cannot be lower than 75 percent.

The third condition was designed to preserve a minimum absolute level, in terms of dollar value, of production of vehicles of a class in Canada. This provision required that for each manufacturer the "Canadian value added" in the production of vehicles of a class for each model year be equal to or greater than the "Canadian value added" in the vehicles of that class produced by the manufacturer in Canada in the base year. "Canadian value added" is defined in Canadian Tariff item 950 regulations. ¹ / It essentially is the cost of parts produced in Canada (which have not been exported and re-imported) which go into the assembly of completed vehicles in Canada, plus transportation costs and overhead such as labor costs, plant expenditures, property taxes, administrative expenses, depreciation of equipment and a capital allowance of 5 percent which are attributable to the production of such vehicles and parts. "Canadian value added" does not include marketing and distribution expenses, or income taxes;

¹/ See appendix G of this report.

moreover it is not clear whether it includes any element of profit. Accordingly, the valuation of Canadian production is somewhat conservative pursuant to this method of valuation. This point becomes much more important in our discussion of the "letters of undertaking" in the following section of this report. In the case of its use in annex A, "Canadian value added" in each year is measured against the "Canadian value added" in the base year. Recently, this condition has become increasingly less and less significant as a result of inflation and the increase in the total value of motor-vehicle production in Canada. Nevertheless, American Motors for the first 2 years of the agreement paid duty on its imports into Canada because it failed to satisfy this provision. This essentially is a result of the fact that "Canadian value added", for the purposes of annex A, does not include exports of original-equipment parts to the United States, or exports of components to the United States which are subsequently imported back into Canada as sub-assemblies in original-equipment parts. Since the "value of Canadian components" would only be counted if it went into a car assembled in Canada, this provision has tended to encourage final assembly in Canada of motor vehicles and has assured that the value of Canadian components in such vehicles would at least be maintained at its base year level.

Finally, Canada reserved the right in annex A to designate a manufacturer, which did not meet the conditions of the annex, as entitled to the benefit of duty-free treatment with respect to imports of the products of the United States described in the annex. However, the Government of Canada apparently requires a firm to undertake the production of

motor vehicles of a class in Canada before designating that firm as entitled to duty free treatment for motor vehicles of that class and original-equipment parts therefor. Mack, White, and a few other smaller motor-vehicle manufacturers were so designated pursuant to this provision, since they did not produce vehicles of the relevant class in Canada prior to 1965.

**Collateral Commitments: the "Letters of Undertaking" Signed by
the Canadian Motor Vehicle Manufacturers**

A few days before the signing of the agreement, "letters of undertaking" were sent by the Canadian affiliates of the major motor-vehicle manufacturers to the Government of Canada. The terms of the letters sent by each of the Canadian subsidiaries were quite similar, and committed the firms to requirements over and above those contained in the provisions of annex A of the agreement itself, while at the same time confirming the manufacturers intentions to fulfill the requirements of annex A. 1/

The two collateral undertakings in each of the letters involved commitments by each manufacturer to increase "Canadian value added (1) in each model year over the amount achieved in the 1964 or "base" model year by an amount equal to 60 percent of the growth in the Canadian market in the relevant model year, 2/ and (2) in addition to the foregoing, by a lump sum by the 1968 model year. Growth in the Canadian market is defined as the difference between the cost to the manufacturer of vehicles of each class sold in Canada during the relevant model year and the cost to the manufacturer of vehicles of each class sold during the 1964 or "base" model year.

The lump sum "Canadian value added" which had to be achieved by model year 1968 amounted to a total of \$221.9 million for the Canadian subsidiaries of the Big Four motor-vehicle manufacturers 3/. Since the total "Canadian value added" for the subsidiaries of the Big Four

1/ For the texts of the "letters of undertaking", see appendix F of this report. In light of the fact that the Canadian affiliates of International Harvester and Mack Truck also signed "letters of undertaking", it is probable that all major Canadian manufacturers of motor vehicles made comparable commitments to the Government of Canada.

2/ For automobiles. For specified commercial vehicles, the figure was 50 percent.

3/ \$241 million for all manufacturers.

manufacturers amounted to \$726 million during the 1964 model year, this requirement meant that these manufacturers were required to increase their Canadian production of motor vehicles and original-equipment parts, measured in terms of "Canadian value added" by approximately one third, over and above the increases needed to meet their other commitments. This increase had to be achieved by the 1968 model year, and was required to be maintained in every year thereafter. 1/

The first commitment in the "letters of undertaking" involved a promise on the part of the Canadian motor-vehicle manufacturers that they would increase their "Canadian value added" in the production of motor vehicles and original-equipment parts in each year over the "Canadian value added" in the 1964 or "base" model year by an amount equal to a certain percentage of that year's growth in the manufacturers' Canadian market for vehicles of each class over the market the manufacturers enjoyed in the 1964 or "base" model year. 2/ This provision guaranteed that Canadian production of motor vehicles and original-equipment parts would grow proportionately to the growth in the Canadian market.

As previously noted, the value of Canadian exports of original-equipment parts is not included in the calculation of "Canadian value added" for the purpose of meeting that commitment in annex A of the agreement. However, the calculation of "Canadian value added" by a manufacturer for fulfilling its commitments in its letter of undertaking includes (1) the value of original-equipment parts produced by the manufacturer (or any associated person) in Canada and sold for export, and (2) the value of

1/ See tables 105 and 106 of this report.

2/ For automobiles, this figure was 60 percent.

original-equipment parts purchased by any company outside Canada, which is affiliated with the Canadian manufacturer or with its parent corporation in the United States, from Canadian vendors unrelated to the Canadian manufacturer. Accordingly the value of export sales of original-equipment parts by independent Canadian parts manufacturers is attributable to a Canadian manufacturer of motor vehicles for the purpose of fulfilling its commitments in its "letter of undertaking", if the original-equipment parts are sold to a purchaser outside Canada which is related to the Canadian manufacturer's parent corporation in the United States. The inclusion of these original-equipment parts in the calculation of a manufacturer's "Canadian value added" for the purposes of the "letters of undertaking" provides an incentive to increase original-equipment parts production in Canada. This apparently resulted in pressure on United States parts manufacturers to expand or establish parts production facilities in Canada. However, the Canadian affiliates of the Big Four motor-vehicle manufacturers rely most heavily on motor-vehicle assembly operations to meet their "Canadian value added" requirements in their "letters of undertaking".

The definition of the Canadian motor-vehicle market, for the purpose of measuring "Canadian value added" in terms of the growth in that market, is the "cost to the manufacturer of vehicles sold" during the relevant model year. 1/ However, original-equipment parts from both the United States and Canada go into a final product in Canada, and United States-made components, under Canadian Tariff Item 950, appear

1/ See tables 105 and 106 and appendix G of this report.

to receive a higher valuation than do comparable parts from Canada. This is a result of the fact that the actual purchase price which generally includes an element of profit and distribution charges, is used for the valuation of United States products, while a cost method of valuation is used for the valuation of Canadian products. 1/ This difference in the valuation of United States-made products has the effect of making it more difficult for the automobile manufacturers to meet their "Canadian value added" requirements, since this difference in the valuation of United States-made products has the effect of causing a growth in the Canadian market. This discrepancy in valuation also applies to finished motor vehicles sold in Canada. Since the valuation of the United States-made vehicles imported into Canada would be higher than that for comparable Canadian-made vehicles for the purpose of valuing vehicles sold in Canada, a growth in the Canadian market results from the introduction of United States-made vehicles. This additional growth would in turn require more Canadian production to increase "Canadian value added" proportionately. Pursuant to the commitments, made in the letters of undertaking, a certain level of Canadian production was to be maintained in 1968 and every year thereafter, regardless of fluctuations in the Canadian or United States markets for motor vehicles. In addition, growth in Canadian production was guaranteed as a certain percentage of the growth in Canadian sales, even though Canadian production includes a substantial amount of production for export to the United States. This guaranteed the relative health of the Canadian industry even though the United States industry may be depressed from time to time.

1/ See page 81 of this report.

The Nature of any of the Commitments and a Summary

The executive branch of the Government of the United States made various statements to the Congress to the effect that the requirements in annex A and the commitments in the "letters of undertaking" were considered "transitional". The position was expressed that the restrictions in annex A might be reduced in connection with review of the agreement that was to take place in 1968, and that the "letters of undertaking" were by their terms transitional, in that after 1968, "Canadian value added" could be expected to decrease as a percentage of the cost of production.

None of the restrictions in annex A were reduced as a part of the review that took place in 1968. These limitations on who may qualify as a "manufacturer" and consequently be entitled to the benefits of the agreement continue in force and effect. However, because of the impact of inflation, the requirement that "Canadian value added" (in this case not including the value of original-equipment parts which are exported) be maintained at its 1964 level, became less and less significant. The preservation of the ratio of the net sales value of vehicles produced in Canada to the net sales value of vehicles sold in Canada that existed in 1964 continues to be a significant requirement, and the failure by a manufacturer to meet this requirement for a class of motor vehicles in any given year makes that manufacturer liable for the payment of duties on all imports of motor vehicles of that class and original-equipment parts therefor for the year in question.

The statement that the "letters of undertaking" were by their terms transitional, is misleading. It is true that after 1968, "Canadian value added" (which in this case includes the value of original-equipment parts exported to the United States) could be expected to decrease as a percentage of the cost of production, but in no event can it decline to less than 60 percent of the cost of production pursuant to the letters executed by the Big Four. 1/ In any event, the decline would be a very gradual one, and assumes a steady growth in the market so that the lump sum "Canadian value added" requirement, to be met by 1968, would become less and less of a factor in subsequent years. In short, the "letters of undertaking" remain, according to their terms, in force and in effect and are a factor in determining the balance of trade in motor vehicles and parts between the United States and Canada.

In summary, the agreement is far from what can be described as a free-trade agreement. Since even prior to the agreement Canada permitted duty-free entry of original-equipment parts of a class or kind not made in Canada provided the manufacturers maintained "Commonwealth (effectively Canadian) content" at 60 percent of the cost of production (for the Big Four) of motor vehicles, 2/ the changes in Canadian restrictions on United States-Canadian motor-vehicle trade have not been fundamental. While new motor vehicles may be entitled to duty-free treatment by the Canadian government under the agreement, such treatment is available only for vehicles imported by a manufacturer, and Canada enjoys a substantial surplus in completed motor vehicles trade with the United States under

1/ For automobiles.

2/ For automobiles.

the agreement. 1/ While all original equipment parts may now qualify for duty-free entry into Canada as opposed to only those of a class or kind not made in Canada, the 60 percent "Canadian value added" requirement effectively remains, including a few additional commitments. The most significant change caused by the agreement, as it now operates, on the restrictions and conditions affecting the level of automotive production in Canada was the repeal of the Canadian duty-remission plan of 1963.

According to most observers in late 1964, the Department of the Treasury inevitably would have had to issue a countervailing duty order under section 303 of the Tariff Act of 1930 against the duty-remission plan. The signing of the agreement and its immediate implementation by the Government of Canada permitted the Government of Canada to immediately repeal the duty-remission plan, and, at the same time, to realize the benefits of the increased automotive production in Canada stipulated by that plan. Moreover, the agreement itself, by providing for a continuing incentive to increase automotive production in Canada, advanced the objectives of the Government of Canada which had led to the establishment of the duty-remission plan, without the threat of a countervailing duty order. Thus, the implementation of the agreement by Canada before its implementation by the Government of the United States enabled the Government of Canada to extend immediately the restrictive nature of its protective automotive trade policies with the United States.

1/ See tables 101-103 of this report.

IMPLEMENTING THE AGREEMENT

Implementation by Canada

Article II(a) of the agreement provided that the Government of Canada would accord duty-free treatment to imports of the products of the United States described in annex A, not later than the entry into force of legislation in the United States implementing the agreement. However, the Canadian Government implemented its side of the agreement by executive order on January 16, 1965, the date of the signing of the agreement. 1/ While the Canadian Government did not submit the agreement immediately to Parliament for its approval, it did introduce a motion calling for Parliamentary approval of the agreement in May of 1966; it was approved a month later.

The Motor Vehicles Tariff Order of January 16, 1965, P.C. 1965-99, provided for duty-free treatment of imports of the products of the United States as specified in annex A of the agreement, subject to the limitations provided in annex A as to who may qualify as a "manufacturer" and be entitled to the benefit of duty-free treatment under the agreement.

Annexed to the Motor Vehicles Tariff Order of 1965, P.C. 1965-99 was the Motor Vehicles Tariff Order P.C. 1965-100 which established regulations respecting the entry of motor vehicles under the Motor Vehicles Tariff Order of 1965. These regulations are cited as the Tariff Item 950 Regulations, and have been described in part in earlier

1/ For the texts of the Motor Vehicles Tariff Orders of 1965, see appendix G of this report.

sections of this report. 1/ The Tariff Item 950 Regulations define the various terms used in annex A and the Motor Vehicles Tariff Order of 1965, and, with some changes, in the "letters of undertaking." 2/ "Canadian valued added" and other methods of valuation are described in detail. 3/ In addition, the regulations provide for the regular reporting by the manufacturers of trade under the agreement to the Government of Canada.

On the same day, January 16, 1965, the Government of Canada issued an executive order repealing the rebate plan, which had been the subject of a countervailing duty complaint before Treasury. 4/ This order, the Order In Council Repealing the Rebate Plan, P.C. 1965-1/98, amended the "designated period" of the Order in Council Establishing the Rebate Plan, P.C. 1963-1/1544, of October 22, 1963, and, with other administrative provisions, terminated the controversial Canadian duty-remission plan. 5/

Under Article I of the General Agreement of Tariffs and Trade (GATT), the Contracting Parties (one of which is Canada) agree to accord immediate and unconditional most-favored-nation treatment to all products of other GATT members. The automotive agreement appeared inconsistent with this obligation, since it provided in article V that "[a]ccess to the United States and Canadian markets provided for under this agreement may by agreement be accorded on similar terms to other countries." 6/ However,

1/ See page 81 of this report

2/ See page 84 of this report.

3/ See appendix G of this report.

4/ See page 68 of this report.

5/ See appendix H of this report.

6/ See appendix D of this report.

the Canadian Government took the position that it had not violated the GATT, on the grounds that the agreement, as implemented by Canada, permitted a qualified manufacturer to import motor vehicles and original-equipment parts duty-free from any country. This argument was apparently accepted, since Canada was not required to file a formal request for a waiver.

Implementation by the United States

United States and Canadian trade-agreement policy

The United States-Canadian automotive agreement, an executive agreement which required subsequent implementing legislation by the Congress, differed from the practice followed by the United States with regard to most earlier trade agreements involving tariff changes. ^{1/} Apparently, the only prior exception was an executive agreement concluded with Canada in 1911.

The trade agreements concluded in accordance with the 1934 Trade Agreements Act and some of the trade agreements concluded before 1934 were implemented by the President pursuant to prescribed authority obtained from Congress prior to the signing of such agreements. The remainder of the pre-1934 agreements, except for the aforementioned 1911 agreement with Canada, were concluded in the form of treaties, requiring ratification by the Senate and subsequent implementing

^{1/} For a brief history of prior trade agreements entered into by the United States involving tariff concessions see Appendix H of the United States Tariff Commission's Report to the Committee on Ways and Means on H.R. 6960, 89th Congress, the Automotive Products Trade Act of 1965, reprinted in Hearings on H.R. 9042 Before the Senate Committee on Finance, 89th Congress 1st Sess. 390 (1965).

legislation by the Congress. Although a substantial number of these treaties were negotiated, most of them were not ratified and thus did not come into force.

The 1965 United States-Canadian automotive agreement and the implementing legislation differ from the multilateral and unconditional most-favored-nation policies that the United States has pursued since 1923. The provision in annex B of the agreement and the Automotive Products Trade Act of 1965, which limits the duty-free treatment accorded by the United States under the agreement to "Canadian articles" (articles having a certain minimum United States-Canadian content), was not in accord with the unconditional most-favored-nation obligations of the United States in the GATT and ultimately required a waiver. 1/

The trade agreements that the United States entered into before 1923 contained (with only three exceptions) conditional rather than unconditional pledges on the part of the United States. That is, the United States agreed to grant most-favored-nation treatment in exchange for some specific concession to be received from the other contracting party. However, in 1923 the United States abandoned this policy and its trade agreements from that year until the signing of the United States-Canadian automotive agreement (January 16, 1965) have contained unconditional most-favored-nation clauses. Under these clauses, the lowest rates of duty which the United States has applied to the products of any foreign country 2/ were required to be extended

1/ See page 98 of this report.

2/ Except products of Cuba and the Philippines, for which preferences had been authorized in agreements with other countries

to the products of all other countries with which the United States had such most-favored-nation commitments. In addition, by virtue of the provision in the Trade Agreements Act of 1934 requiring the generalization of trade-agreement rates of duty and similar provisions in the Trade Expansion Act of 1962 and the Trade Act of 1974, these rates of duty have also applied to the products of all other countries, with the exception, since the early 1950's of products of countries designated by the President as Communist-dominated or Communist-controlled.

As a result, the United States tariff since the end of World War 'I has been essentially a single column tariff with regard to products from non-Communist-controlled or -dominated countries. Many of the preferential rates that were formerly applicable to Cuban products under the 1934 agreement with that country were eliminated when the United States became a contracting party to the GATT. Moreover, the preferential rates that are presently specified in the United States tariff schedules for various Cuban products have been suspended since May 24, 1962. Preferential rates for articles of the Philippines which were in effect at the time of the implementation of the United States-Canadian agreement have since been eliminated without exception.

At the present time, the United States has unconditional most-favored-nation commitments to the more than 60 contracting parties to the GATT. In addition, the United States maintains five bilateral trade agreements (viz. Argentina, El Salvador, Honduras, Paraguay, and Venezuela). Furthermore, on January 1, 1976, pursuant to the Trade

Act of 1974, the United States implemented a generalized system of preferences involving numerous beneficiary developing countries. Currently, the United States accords preferential tariff treatment to only one industrialized country--Canada.

Automotive Products Trade Act of 1965

Article II(b) of the agreement committed the Government of the United States to seek enactment of legislation implementing the agreement, during the session of the United States Congress commencing on January 4, 1965. In seeking such legislation the Government of the United States was also to seek authority permitting the implementation of such duty-free treatment retroactively to the earliest date administratively possible following the date upon which the Government of Canada had accorded duty-free treatment. 1/

Pursuant to article II(b) of the agreement, President Johnson submitted to the Congress proposed legislation that would implement the agreement. Hearings were held before the Ways and Means Committee of the House of Representatives in April of 1965, and before the Committee on Finance of the Senate in September of 1965. The Automotive Products Trade Act of 1965 was passed by the Congress in October of 1965; it was signed by the President on October 21, 1965.

The act itself contains five titles. 2/ Title I established the short title of the act, set forth its basic objectives, which were to authorize the implementation of the agreement in order to strengthen

1/ See appendix E of this report.

2/ For the text of the act see appendix K of this report.

economic relations and expand trade in automotive products between the United States and Canada, and authorized the implementation of similar agreements with other countries.

Title II of the act authorized the President to proclaim modifications of the tariff schedules to implement the agreement. However the great bulk of the modifications to be made were set out in title IV of the act. The President was also given authority, pursuant to a specified procedure, to implement similar agreements with other countries, but this authority expired, pursuant to the provisions of the act, the day after the date of enactment of the act. The President was also authorized to give retroactive effect to any proclamation implementing the agreement as of the earliest date after January 17, 1965, and to terminate any proclamation implementing the agreement or any similar agreement made pursuant to the provisions of title II of the act. The act also required the President to submit to the Congress a special report on the comprehensive review called for by article IV(c) of the agreement and to report the existence and terms of any additional commitments that the President finds have been made by any manufacturers to the Canadian Government. The reports were to include any recommendations necessary for the achievement of the purposes of the agreement and the act.

Title III of the act provided that a petition may be filed for tariff adjustment or adjustment assistance under the Trade Expansion Act of 1962, 19 U.S.C. 1901-1991, as though the reduction of duty proclaimed by the President under the agreement and the Automotive Products Trade Act of 1965 were a concession granted under a trade agreement referred to in

section 301 of the Trade Expansion Act of 1962. Special authority was provided under the Automotive Products Trade Act of 1965 for the President to determine eligibility to apply for adjustment assistance during the transitional period ending in July 1968, with special criteria for making such a determination.

Title II of the Automotive Products Trade Act of 1965 provided for the bulk of the modifications of the tariff schedules which the President was authorized to proclaim in implementing the agreement. The act provided for the definitions of "Canadian article" and "original motor-vehicle equipment" as provided in annex B of the agreement.

Title V of the act involved general provisions which included a requirement that the President submit annual reports to the Congress on the operation of the agreement and a provision providing that the act should not be construed to affect or modify the provisions of the Antidumping Act of 1921, 19 U.S.C. 160-173, or of any of the antitrust laws as designated in 15 U.S.C. 12.

The President signed Proclamation 3682, Implementing the Agreement Concerning Automotive Products between the United States and Canada on October 21, 1965, which was to enter into force on December 20, 1965, and be retroactive to January 18, 1965. In addition, the President signed, on the same day, Executive Order 11254, Establishing the Automotive Agreement Adjustment Assistance Board.

United States GATT waiver

The United States appeared before the Working Party which had been formed by the Contracting Parties of the GATT to study the agreement.

in November 1965 to request a waiver under article XXV(5) of the GATT of its most-favored-nation obligations, admitting that the agreement constituted a violation of the GATT. The waiver was granted unanimously, with the United States agreeing to enter into consultations with any Contracting Party that claimed the agreement threatened to create or created a significant diversion of imports from that Contracting Party.

CERTAIN ADMINISTRATIVE MATTERS PERTAINING TO
THE AGREEMENT

The United States-Canadian automotive agreement was signed on January 16 1965, and the Government of Canada implemented its conditional duty-free treatment on imports of automotive products as specified in the agreement on the same day. While duty-free treatment on imports of automotive products as specified in the agreement could not be implemented as quickly in the United States, the Government of the United States had agreed in Article II(b) 1/ of the agreement that, in seeking legislation implementing such duty-free treatment, it would seek authority permitting the implementation of such duty-free treatment retroactively to the earliest date administratively possible following the date upon which the Government of Canada had accorded duty-free treatment.

The United States Customs Service continued to collect import duties on imports of Canadian motor vehicles and original-equipment parts therefor following the signing of the agreement, but it suspended the liquidation of such entries which permitted the collected duties to be refunded upon the passage of the Automotive Products Trade Act of 1965.

United States Antidumping and Countervailing Duty Actions

Article II of the agreement provides that the commitments made by the two Governments in the agreement should not preclude action by

1/ See appendix E of this report.

either Government consistent with its obligations under part II of the General Agreement on Tariffs and Trade. Such actions include the imposition of antidumping or countervailing duties or import restrictions pursuant to escape-clause or national-security provisions. Prior to the passage of the Automotive Products Trade Act of 1965, Canada's Motor Vehicles Tariff Orders of 1965, implementing the agreement and the collateral commitments in the then unpublished "letters of undertaking" became the subject of a petition under section 303 of the Tariff Act of 1930 1/ for the imposition of countervailing duties on imports from Canada on certain automotive products 2/ described in the agreement. The Industrial Committee of Paducah, Kentucky alleged in its petition, filed on March 29, 1965, that the "new" program under the agreement was essentially a continuation in different form of the terminated duty remission plan, which had earlier been the subject of a countervailing duty petition. 3/ According

1/ See appendix C of this report. At that time, section 303 applied to imports of dutiable articles only, so that the signing of the Automotive Products Trade Act of 1965 on October 21, 1965, made section 303 inapplicable to imports from Canada of automotive products entitled to duty-free treatment under the Act. Section 331 of the Trade Act of 1974 amended section 303 to provide that countervailing duties could be levied under section 303 upon imports of nondutiable articles, but only if there is an affirmative determination by the United States International Trade Commission that an industry in the United States is being or is likely to be injured, or is prevented from being established by reason of the importation of such articles into the United States. As was the case prior to its amendment, no injury need be determined before countervailing duties can be levied upon dutiable articles pursuant to section 303, as amended by the Trade Act of 1974.

2/ Radiators for use as original-equipment and motor vehicles containing radiators.

3/ The chart on page 25 of this report compares the similarity of the impact of the various measures in the "new" program with the impact of the measures in effect before the signing of the agreement. The petitioners alleged that the collateral commitments in the "letters of undertaking" were in fact made in separate private arrangements in an attempt by the Government of Canada to avoid the reach of section 303.

to the petition, the conditional duty-free treatment accorded under the Motor Vehicles Tariff Orders of 1965 "is a 'concession' in return for the increase of production for export of motor vehicles parts and the finished vehicles into which they are incorporated." 1/ The Commissioner of Customs rejected the petition with a ruling that the Canadian program "does not result in the importation into the United States of articles on which a bounty or grant has been paid or bestowed within the meaning of section 303." 2/

On July 8, 1975, the Treasury Department received a complaint from Congressman John H. Dent of Pennsylvania that passenger automobiles imported into the United States from Canada, Belgium, France, Italy, Japan, Sweden, and the United Kingdom were being sold in the United States at less-than-fair-value as that term is defined in the Antidumping Act, 1921. In addition, on July 11, 1975, the International Union, United Automobile, Aerospace, and Agriculture Implement Workers of America, (UAW) filed a similar complaint alleging such sales at less-than-fair-value on the part of specified models of passenger automobiles imported into the United States from the United Kingdom, West Germany, and Italy. These complaints are currently being investigated by the Treasury Department.

1/ Page 44 of the Memorandum in Support of a Petition for Issuance of a Countervailing Duty Order Pursuant to Section 303 Tariff Act of 1930, with respect to Motor Vehicle Radiators and Motor Vehicles Produced in and Exported from Canada with The Benefit of a Bounty or Grant, submitted in behalf of the Industrial Committee of Paducah, Kentucky on March 29, 1965.

2/ 30 Fed. Reg. 6958, May 21, 1965.

Canadian Administration of Annex A of the Agreement and the
Commitments in the "Letters of Undertaking" 1/

Pursuant to the Order in Council Providing Regulations concerning
Duty-Free Treatment P.C. 1965-100, 2/ every manufacturer is required
to submit quarterly reports to the Minister of National Revenue and
the Minister of Industry of the Government of Canada respecting the
production and sale by the manufacturer of vehicles and parts therefor.
The manufacturers report their efforts to comply with both the restric-
tions in annex A and the commitments in the "letters of undertaking."
The reports with respect to annex A are generally audited within a
year after the close of the relevant fiscal year by the Automotive
Audit Section of the Department of National Revenue. The reports
with respect to the "letters of undertaking" are generally reviewed
within the same time period by the Mechanical Transport Branch of
the Department of Industry, Trade and Commerce

The failure to meet any of the conditions in annex A in any
model year as to a class of motor vehicles (automobiles, trucks, or
buses) results in liability for duties on all imports of motor vehicles
of that class and original-equipment parts therefor for the model year.
However, motor vehicles upon which duty was paid at entry are not
counted as sold for the purpose of the production to sales ratio
requirement in annex A even though they are sold in Canada, and a

1/ The Big-Four motor-vehicle manufacturers cooperated in supplying
the information in this section pertaining to the administration of the
agreement in Canada. To the best of our knowledge, it is accurate.

2/ This is the second of two Orders in Council, the Motor Vehicles
Tariff Orders of 1965. See appendix G of this report

manufacturer who anticipates failure to meet that requirement in any model year may pay the duty on imports of motor vehicles to the extent necessary to improve his production to sales ratio for that model year

If a Canadian manufacturer of motor vehicles fails for a given model year to meet its annex A requirements for a class of motor vehicles and becomes liable for the payment of duties on vehicles of that class and original-equipment parts therefor, the Government of Canada generally does not require the manufacturer to pay the duties for which the manufacturer is liable. The manufacturer will negotiate with officials of the Department of Industry, Trade and Commerce for a recommendation that the liability for payment of duties be forgiven contingent upon the manufacturer's meeting additional commitments to the Government of Canada. The recommendation is reviewed by the Department of National Revenue, and an Order in Council forgiving the payment of duties, contingent upon the manufacturer's meeting the additional requirements, is issued. Such an order is described as a Motor Vehicles Remission Order, and occasionally the particular manufacturer, for which the payment of duties is forgiven, will be named in the Order in Council.

Only one of the Canadian affiliates of the Big Four motor-vehicle manufacturers, General Motors of Canada, has met all of its requirements and commitments for all model years under the agreement. The other three Canadian affiliates have benefitted from such Motor Vehicles Remission Orders, and have been released from the payment of duties for particular years under the agreement. The additional requirements contained in such Orders in Council generally do not

involve requirements more burdensome than the original requirements which the manufacturer failed to meet. One manufacturer has had its original requirements in annex A redefined pursuant to several such orders--since its production to sales ratio in the base year (the 1964 model year) was unusually high--so that the requirements in annex A would be less burdensome. However, one manufacturer was required to guarantee a substantial bond or security to secure that manufacturer's compliance with its production to sales ratio requirement for a class of vehicles over a combined 5 year period. The bond effectively guaranteed that the manufacturer concerned would have to build a new plant for the assembly of vehicles of the relevant class in Canada.

The failure of a manufacturer to meet the commitments in its "letters of undertaking" does not make the manufacturer liable for the payment of duties on imports of a class of motor vehicles and original-equipment parts therefor. Apart from the general law of contracts, there appears to be no sanction available if a manufacturer fails to meet these commitments. Nevertheless, instances of failure to comply with these commitments are rare. It is evident that the manufacturers take these commitments seriously, to the point that in 1974 and 1975 one manufacturer adopted a consignment program which had the effect of reducing the cost of vehicles sold in Canada thus increasing the "Canadian value added" as a percentage of the cost of vehicles sold, to avoid a failure to meet its commitment.

The Government of Canada has not taken advantage of liability for duties (as the result of failure on the part of motor vehicle manufacturers to meet their requirements in annex A) in order to require substantially higher levels of production in Canada than were anticipated by the restrictions in annex A and the commitments in the original "letters of undertaking." Nevertheless, the Department of Industry, Trade and Commerce has apparently approached at least one manufacturer with a proposal to sign a new "undertaking" to increase "Canadian value added" as a percentage of the cost of vehicles sold in Canada. The Canadian affiliates of the Big Four motor-vehicle manufacturers continue to oppose any further "undertakings" with respect to production commitments, and they apparently have suggested actions, which if taken by the Government of Canada, would promote the realization of the objectives of the agreement. One such Canadian manufacturer has stated by letter to the Government of Canada that the ability of the Canadian motor-vehicle industry to be competitive in the United States market depends in large part upon the actions that the Government of Canada takes with respect to duty and tax policies that have a major bearing on production, costs and prices.

Diversions of Duty-Free Motor-Vehicle Parts

When the agreement was under consideration in 1965, there was considerable concern expressed by replacement parts producers in the United States and Canada that parts imported into the United States or Canada from the other country, given duty-free treatment because they were certified as original-equipment for use in the assembly of specified types of motor vehicles covered by the agreement would, for one reason or another, be diverted to non-original-equipment uses in considerable quantities.

In the United States

Title IV of the Automotive Products Trade Act of 1965, in providing for the modification of the Tariff Schedules of the United States, provided for the reporting of such diversions, the payment of duties on such diversions, and considerable penalties for the failure to report diversions or the payment of duties on such diversions. Headnote 2, subpart B, part 6, schedule 6, of the Tariff Schedules of the United States, as provided for under section 404 of the Automotive Products Trade Act of 1965, reads in part:

- (d) If any Canadian article accorded the status of original motor-vehicle equipment is not so used in the manufacture in the United States of motor vehicles, such Canadian article or its value (to be recovered from the importer or other person who diverted the article from its intended use as original motor-vehicle equipment) shall be subject to forfeiture, unless at the time of the diversion of the Canadian article the United States Customs

Service is notified in writing, and pursuant to arrangements made with the Service--

- (i) the Canadian article is, under customs supervisions, destroyed or exported, or
- (ii) duty is paid to the United States Government in an amount equal to the duty which would have been payable at the time of entry if the Canadian article had not been entered as original motor-vehicle equipment.

As a result of these provisions, diversions are reported regularly by the motor-vehicle manufacturers to the United States Customs Service. The Commission has not looked extensively into the mechanics of the reporting of diversions and the assessing of duties thereon but recognizes the enormous complexity of the matter. In view of its complexity, it is likely that some Canadian articles that have been imported duty free as original equipment have been diverted to non-original-equipment uses without the knowledge of the motor-vehicle manufacturers and such diversions would never be reported to the Customs Service as such. It is also likely that the audit procedures of the Customs Service would not discover more than a small percentage of unreported diversions. The extent of unreported diversions is not known. Nevertheless, recognizing the possibility that diversions on which duty had been paid were only a part of total diversions, the Commission in its questionnaire sought information from the motor-vehicle manufacturers on their reported diversions, duties paid on diverted merchandise, and penalties paid as a result of their failure to report diversions.

Reported diversions of so-called "original motor-vehicle equipment" steadily increased from a value of \$1 million in 1967 to more than \$6 million in 1973 and 1974. ^{1/} These diversions accounted for less than half of one percent of total United States imports of original-equipment parts from Canada during the period 1967-74. Duties paid on such diversions increased from \$84 000 in 1967 to \$295,000 in 1974.

A large proportion of reported diversions is reportedly accounted for by chassis and other parts of vehicles originally planned to be motor trucks which are covered by the agreement. Often, such vehicles are subjected to substantial modifications that result in their being classified as special purpose vehicles. Such vehicles, including snowplows, dump trucks, mobile cranes, mobile clinics, tow trucks, and the like, are not covered by the agreement or the act, and parts for such vehicles are subject to United States duties. Other diversions occur when parts are imported in sufficient quantities to supply motor-vehicle production runs that are not as long as anticipated. The excess parts are often diverted to the replacement market.

In Canada

Canada has similar regulations covering diversions of imported original-equipment parts to uses other than those for which duty-free treatment was intended. Canadian regulations provided for regular

^{1/} See table 90 of this report.

audits of diversions by the Customs and Excise Investigations Branch of the Department of National Revenue. The extent of reported or unreported diversions in Canada, however, is not known to the Commission.

IMPACT OF THE AGREEMENT ON UNITED STATES AND CANADIAN TRADE

United States and Canadian Automotive Consumption,
Production, and Actual Trade FlowsUnited States and Canadian consumption 1/

Automotive products.--Canada, accounting for 9 percent of the combined United States and Canadian population during the period 1960-64, 2/ accounted for less than 7 percent of United States-Canadian consumption of passenger automobiles, 3/ less than 7.5 percent of United States-Canadian consumption of trucks and buses, 4/ and less than 6.5 percent of United States-Canadian consumption of original-equipment motor-vehicle parts made in the United States or Canada. 5/ While both United States and Canadian consumption of automotive products grew overall during 1960-73, Canada's grew slightly faster than that of the United States, somewhat closing the gap between Canada's share of the United States-Canadian population and Canada's share of United States-Canadian automotive consumption. In 1973, Canada accounted for 9.5 percent of United States-Canadian population, 7.6 percent of United States-Canadian automobile consumption, 7.2 percent of United States-Canadian truck and bus consumption, and 10.1 percent of United States-Canadian consumption of original-equipment motor-vehicle parts made in the United States or Canada. In 1974, Canada

1/ Data on United States and Canadian consumption of passenger automobiles are presented in tables 1-21 of this report. Data on United States and Canadian consumption of trucks and buses are presented in tables 53-64, and data on United States and Canadian consumption of original-equipment motor-vehicle parts are presented in table 80 of this report.

2/ See table 5 of this report.

3/ See table 1 of this report.

4/ See table 53 of this report.

5/ See table 80 of this report.

accounted for 9.6 percent of United States-Canadian population, 9.1 percent of United States-Canadian automobile consumption, 9.3 percent of United States-Canadian truck and bus consumption, and 12.2 percent of United States-Canadian consumption of original-equipment parts made in the United States or Canada.

Passenger automobiles.--During the period 1964-74, Canada's consumption of passenger automobiles followed the same patterns followed by United States consumption, reaching peaks and valleys in just about the same years in both countries. Peak years for consumption of passenger automobiles in the United States and Canada were 1965 (9.3 million vehicles in the United States and 685,000 vehicles in Canada), 1969 (9.4 million vehicles in the United States and 756,000 vehicles in Canada), and 1973 (11.4 million vehicles in the United States and 935,000 vehicles in Canada).

Low consumption figures owing to strikes against the United States and Canadian operations of the Ford Motor Company and General Motors Corporation occurred in 1967 and 1970 respectively. Some decline in consumption ordinarily follows a record sales year in any event, but in 1974 the expected decline was deepened by the oil boycott by certain Middle Eastern petroleum producing countries that began in October 1973 and the quadrupling of prices of petroleum from virtually all producing countries. The recession, at least partly generated by the above factors, further reduced automobile sales in the United States and Canada although the decline in Canada was not as great as that in the United States. In 1974, United States consumption amounted to 8.7 million vehicles and

Canada's amounted to 872,000 vehicles. The decline continued in both countries during the early part of 1975.

Passenger automobiles imported from third countries accounted for an increasing share of the United States market and a declining share of the Canadian market during the 1960's and the 1970's. In the early 1960's imports from third countries accounted for up to a quarter of Canada's total consumption 1/ while accounting for only 5-7 percent of the United States market. 2/ By 1974, the third-country import share of the United States market had grown to 16 percent while the third-country share of the Canadian market had dropped to 16 percent. During the first half of 1975, third countries accounted for 20 percent of United States consumption and 15 percent of Canadian consumption.

As a result of Canada's greater dependence on imports from third countries to fulfill most of its demand for small cars (vehicles having wheelbases of less than 112 inches in length), small cars of United States-Canadian-type accounted for a smaller share of Canadian consumption than of United States consumption during the early 1960's. In 1964, United States consumption of small United States-Canadian-type automobiles accounted for 19 percent of total United States consumption of United States-Canadian-type automobiles. 3/ In Canada, the comparable 1964 ratio was 15 percent. 4/ By 1974, however, 39 percent of United

1/ See table 3 of this report.

2/ See table 2 of this report.

3/ See table 9 of this report.

4/ See table 13 of this report.

States-Canadian-type automobiles consumed in the United States were small cars and the corresponding ratio in Canada was 40 percent.

The Big Four passenger-automobile producers in the United States and their Canadian affiliates and subsidiaries have accounted for virtually all of the consumption of United States-Canadian-type passenger automobiles in the United States and Canada since 1960. Prior to 1965, they accounted for 98.1-99.5 percent of United States consumption, 1/ and 98.1-98.7 percent of Canadian consumption; 2/ since 1967 they have accounted for 99.9 percent of United States consumption and 100 percent of Canadian consumption.

General Motors is the leading supplier of United States-Canadian-type passenger automobiles in both countries, accounting for more than half of United States consumption and 40-45 percent of Canadian consumption in most of the years since 1960. Ford Motor Company accounted for 25-30 percent of the market in both Canada and the United States during the period 1960-74. Chrysler Corporation accounted for 13-18 percent of the United States market in most of the years under consideration, but its share of the Canadian market grew significantly between the early 1960's and 1974. During the period 1960-64, Chrysler accounted for 12-18 percent of the Canadian market, and by 1974 it accounted for about a quarter of Canadian consumption.

1/ See table 11 of this report

2/ See table 15 of this report.

Trucks and buses.--United States and Canadian patterns of consumption did not follow parallel lines for trucks and buses as they had for passenger automobiles during the period 1960-74. Although consumption generally trended upward in both countries through 1973. United States consumption generally fluctuated during the period while Canadian consumption, with only one exception, was higher each year than in each preceding year. ^{1/} United States consumption of trucks and buses increased from less than 1.4 million vehicles a year prior to 1965 to peaks of 1.6 million vehicles in 1966, 1.9 million vehicles in 1969 and 3 million vehicles in 1973. Years of low United States consumption were 1967 with 1.5 million vehicles, 1970 with 1.8 million vehicles and 1974 with 2.7 million vehicles. Consumption of trucks and buses in the United States during the first 6 months of 1975 was substantially lower than it had been during the first 6 months of 1974. Canadian consumption of trucks and buses increased from less than 105,000 vehicles prior to 1965 to 153,000 vehicles in 1969, declined to 129,000 vehicles in 1970 and increased annually thereafter to 272,000 vehicles in 1974. A further increase in Canadian consumption of trucks and buses occurred between the first 6 months of 1974 and the first 6 months of 1975.

A strike by the UAW against Ford Motor Company's United States-Canadian operations in 1967 resulted in reduced United States consumption of trucks and buses and a slowing of the increase in Canadian consumption in that year. Likewise, a strike by the UAW against General Motors

^{1/} See table 53 of this report

Corporation's United States-Canadian operations resulted in lower United States and Canadian consumption in 1970. The petroleum and energy problems occurring in late 1973 and thereafter, and the effects of the recession, have reduced consumption of trucks and buses in the United States substantially but Canadian consumption of such articles has increased.

Trucks and buses imported from third countries, have accounted for an increasing share of United States consumption and a declining share of Canadian consumption since the early 1970's. Prior to 1965, such vehicles accounted for 3-5 percent of United States consumption 1/ and 2-10 percent of Canadian consumption. 2/ After declining to 1-3 percent of the United States market and 1-5 percent of the Canadian market during the period 1965-69, imports from third countries accounted for 4-6 percent of the United States market and 7-9 percent of the Canadian market during the period 1970-73. During the first 6 months of 1975 such imports accounted for 6.3 percent of United States consumption and 4 percent of Canadian consumption. During 1974 and 1975 such imports into the United States and Canada included light pick-up trucks manufactured in Japan (the Toyota, Chevrolet Luv, and Ford Courier) but which are imported as separate chassis-cabs and bodies that are bolted together in North America. The bulk of third-country imports are from Japan.

1/ See table 54 of this report.

2/ See table 55 of this report.

The Big Four passenger-automobile producers accounted for an increasing share of consumption of trucks and buses in the United States and Canada during the period 1960-74. 1/ During the period 1960-64, trucks and buses produced by the Big Four accounted for 80-86 percent of consumption in both the United States and Canada; during the period 1965-69, they accounted for 85-91 percent; and from 1970-74, they accounted for 89-92 percent.

General Motors Corporation, accounting for 40-45 percent of the United States truck and bus market and 38-48 percent of the Canadian market, supplied the greatest share of consumption in both countries during the period 1960-74. Ford Motor Company, during the same period, increased its share of the United States market from about 31 percent in 1960 to 35 percent during the 1970's, while increasing its share of the Canadian market much more significantly, from 22 percent to well over 30 percent. Chrysler Corporation just about doubled its share of both the United States and Canadian truck and bus markets during the period, from a share of 5 percent of the United States market and 8 percent of the Canadian market in 1960 to 12 percent of the United States market and 18 percent of the Canadian market by 1974. Jeep Corporation, now a subsidiary of AMC, accounted for 2-4 percent of the United States market and from 0.5-2 percent of the Canadian market during the 1960-74 period. International Harvester's importance in truck and bus consumption declined considerably between 1960 and 1974. Prior to

1/ See tables 60 and 62 of this report.

1965, International Harvester Corp. accounted for more than 11 percent of United States and Canadian consumption of trucks and buses. By 1974, however, International Harvester accounted for only 6 percent of United States consumption and 5 percent of Canadian consumption of such articles. Generally Mack Trucks Inc., White Motor Co., and all other United States-Canadian truck and bus producers account for less than 4 percent of consumption in either country.

Original-equipment motor-vehicle parts.--Original-equipment motor-vehicle parts consumption in both the United States and Canada rose substantially in terms of value between the early 1960's and the early 1970's. ^{1/} In the United States, consumption of original-equipment parts made in the United States and Canada increased from a value of less than \$15 billion a year prior to 1965 to \$28 billion in 1973 and declined to about \$27 billion in 1974. In Canada, such consumption increased from a value of less than \$1 billion a year prior to 1965 to a value of \$3.8 billion in 1974.

Original-equipment motor-vehicle parts are imported into the United States from third countries at relatively low rates of duty, usually about 4 percent, but they can be imported into Canada duty-free. Such parts account for a larger share of Canadian consumption of original-equipment parts than they account for in the United States. In all cases, however, such imports from third countries, account for a very small percentage of either United States or Canadian consumption of original-equipment parts.

^{1/} See table 80 of this report.

Imports of original-equipment parts into the United States from third countries began in 1962 and increased almost every year through 1974. Such imports declined in 1975. Imports of original-equipment parts into Canada from third countries began in 1970 and increased in every year through 1974; they were at about the same level during the first 6 months of 1975 as they had been during the first 6 months of 1974. About a third of such third-country imports into the United States and Canada during January-June 1975 were into Canada. A substantial proportion of original-equipment parts imported into Canada from third countries is thought to consist of small engines and transmissions for use in the assembly of passenger automobiles by Ford Motor Company. Such transmissions and engines probably are manufactured by Ford subsidiaries in Latin America and in Europe.

United States and Canadian production 1/

Passenger automobiles.--Passenger automobile production is centered within 500 miles of the Detroit, Michigan-Windsor, Ontario areas in both the United States and Canada but is considerably more concentrated in Canada than in the United States. In 1964, Michigan, Ohio, Wisconsin, and Illinois accounted for 18 of 44 United States final-assembly plants and 54 percent of United States production. In Canada, in 1974, Ontario accounted for 5 out of 7 final-assembly plants and 91 percent of Canadian production of passenger automobiles.

1/ Production data on passenger automobiles are presented in tables 22-34 of this report in terms of quantities and in tables 91-94 in terms of transfer values. Production data on trucks and buses are presented in tables 66-72 in terms of quantities and in tables 91-94 in terms of transfer values. Production data on original-equipment motor-vehicle parts are presented in tables 81-84 and tables 91-94 in terms of transfer values.

Altogether, 17 states and three Canadian provinces were host to passenger automobile final-assembly operations in 1974. The ranking of states in the production of passenger automobiles in 1974 was as follows: Michigan, 31 percent; Ohio, 11 percent; Missouri, 11 percent; Wisconsin, 8 percent; California, 8 percent; New Jersey, 7 percent; Georgia, 5 percent; Illinois, 4 percent; Delaware, 4 percent; Maryland, 3 percent; Texas, 3 percent; New York, 2 percent; Kansas, 2 percent; and Minnesota, Kentucky, Massachusetts, and Virginia, less than 1 percent each. The ranking of provinces in the final-assembly of passenger automobiles in 1974 was as follows: Ontario, 91 percent; Quebec, 8 percent; and Nova Scotia, 0.8 percent.

Virtually all final-assembly plants in existence in Canada in the early 1960's and many United States plants existing during the same period have been substantially modernized and/or expanded since that time. New final-assembly plants have been built in the United States and Canada, and some such plants in the United States have closed down since 1960. Significant final-assembly plant openings in the United States have included Chrysler's Belvedere, Illinois plant and General Motors' Lordstown, Ohio plant, both of which began operations during the early 1960's. Chrysler built a new final-assembly plant at New Stanton, Pennsylvania during the late 1960's, but that facility has never operated. Volvo is currently building a new final-assembly plant at Chesapeake, Virginia, and Volkswagen is considering the purchase or construction of a new final-assembly plant in the United States.

Significant final-assembly plant closings in the United States since 1960 have included the shut down of Studebaker operations in Indiana in the early 1960's, the closing down of Chrysler's Commerce, California final-assembly operations, in the early 1970's, and the closing of other final-assembly operations in New Jersey and Texas. During the year 1975 there was speculation in the industry about the possible shut down of one of Chrysler's Detroit facilities. Chrysler, however, has said that such speculation is without foundation.

Final-assembly plant openings in Canada since 1960 have included a Volvo plant at Halifax, Nova Scotia, a General Motors plant at Sainte Therese, Quebec, a Renault plant in Quebec and a Ford plant at St. Thomas, Ontario. The Renault plant has operated in some years and not in others. In addition, Studebaker's Hamilton, Ontario plant closed down in 1966, only a few years after all of Studebaker's United States-Canadian final-assembly operations had been consolidated there.

As in consumption, United States and Canadian production of motor vehicles and parts followed parallel lines during the period 1960-74. Canadian assembly of vehicles, however, rapidly increased its share of total United States-Canadian production as the auto makers shifted their final-assembly operations from the United States to Canada. Final-assembly operations in Canada as a share of total United States-Canadian final-assembly operations increased from 6.5 percent in 1963 to 13.8 percent in 1974. 1/

1/ See table 35 of this report.

During the years prior to the United States-Canadian automotive agreement, Canadian production of passenger automobiles was more heavily weighted towards the production of passenger automobiles having wheelbases over 112 inches in length (intermediate and standard sizes) than was United States production. With the exception of 1966, this proportionately larger production of bigger vehicles in Canada than in the United States continued until 1969. In 1966 and during the period 1969-74, however, Canadian production was more heavily weighted towards smaller vehicles than was United States production. During the first 6 months of 1975, Canadian production was again more heavily weighted towards larger vehicles than was United States production.

Small-car production in Canada accounted for over 70 percent of total Canadian production during 1972-74 1/ but in the best year for small-car production in the United States, 1974, small cars accounted for only 40 percent of total U.S. output. 2/ In 1975, Canadian production shifted markedly to larger cars. During the first half of 1974, only 8 percent of Canadian output was of standard-size (120 inch or greater wheelbase) cars, while in the first half of 1975, 26 percent of Canadian output was of such vehicles. The Big Four maintained their virtually complete dominance of automobile production in the United States and Canada during 1960-74. 3/

1/ See table 27 of this report.

2/ See table 23 of this report.

3/ See tables 25 and 29 of this report.

One of the major objectives of the United States-Canadian automotive agreement was the rationalization of United States-Canadian motor-vehicle production. Rationalization can be defined as the reduction of unit costs achieved by maintaining or increasing the number of homogeneous units produced without necessarily increasing overall production. In testimony before the Congress in 1965 and again in 1968, executives of the motor-vehicle companies stated that, in their industry rationalization of production would imply a reduction in the number of car lines assembled at each plant with increases in the length of production runs for each car line at each plant so as to fully utilize the capacity of each plant and to benefit from the economies of large scale production. Some factors that affect the rationalization process include individual plant capacity, the relative proximity of individual plants to their potential markets, and the optimum sizes of production runs.

During the 1975 model year, 32 car lines were produced at only one final-assembly plant, 16 car lines were produced at two final-assembly plants, six car lines were produced at three final-assembly plants, six car lines were assembled at four final-assembly plants, one car line was assembled at five final-assembly plants, and one car line was assembled at six final-assembly plants.

During the 1975 model year, 20 car lines were produced in Canada, of which five were produced exclusively in Canada. These car lines were the Oldsmobile Starfire, the Buick Skyhawk, the Mercury Meteor, the Dodge Charger S.E., and the Chrysler Cordoba. The other 14 car lines produced in Canada during the 1975 model year were also produced at one

or more United States assembly plants. These car lines were the AMC Hornet and Gremlin, Chrysler's Valiant and Dart, Ford's Maverick, Pinto, Torino and the full-size Ford, and GM's Chevelle, Monte Carlo, Le Mans, Monza, and full-size Chevrolets and Pontiacs.

During the 1975 model year 57 car lines were produced in the United States, of which 43 car lines were produced exclusively in the United States, and the remaining 14 car lines, mentioned above, were produced both in the United States and Canada. The 44 car lines produced only in the United States range widely in size, style, and price, but since the early 1960's have always included the most luxurious car lines. 1/

Some of the production of car lines at more than one final-assembly plant in the United States or Canada has occurred as a result of the capacity of the plants in which the entire output of a plant consists of a single car line. Such a situation occurred during the 1975 model year, however, in only six of the 44 final-assembly plants in the United States. The car lines produced in the six plants were all produced in at least one other plant in the United States or Canada. Two car lines per plant were produced at 21 of the 44 final-assembly plants in the United States, three car lines per plant were produced at 14 plants in the United States, and four car lines were produced at three plants in the United States. In Canada during the 1975 model year, no plants produced only one United States-Canadian car line, two plants produced two car lines, two plants produced three car lines, one plant produced

1/ Cadillac, Continental, and Imperial car lines, the most expensive and luxurious United States-Canadian car lines sold in the United States or Canada, have not been assembled in Canada since 1965, despite the fact that the Canadian value added requirements of the Canadian Government could be more easily met by producing such vehicles in Canada.

four car lines, and one plant produced five car lines. Although most plants in the United States and Canada that produced more than one car line, produced only vehicles in single size categories (subcompact, compact, intermediate, or standard), several, especially those in Canada, produced vehicles in a range of size categories.

During the 40 years prior to the mid-1960's, during which most motor-vehicle final-assembly plants were established, transportation costs played a very important part in determining the location of such facilities. The cost of transporting completed vehicles long distances was even more important than the complete rationalization of production on a product line basis, leading to the establishment of production facilities in regional markets such as the South or in California. These facilities produced vehicles of the same types also produced in the North Central States. The advent of the triple-deck railway car in 1965 reduced transportation costs to such an extent that they are no longer a major factor in assembly-plant location. Transportation costs and proximity to markets should be a factor primarily in the location of production for car lines that would utilize more than full capacity of a single final-assembly plant.

The additional production could serve basically a regional market.

Trucks and buses.--Truck and bus production is, like passenger automobile production, centered within 500 miles of the Detroit, Michigan-Windsor, Ontario areas in both the United States and Canada. In 1964, Michigan, Ohio, Indiana, Wisconsin, and Illinois accounted

for 20 of the 41 major truck and bus final-assembly plants in the United States and 56 percent of United States production of trucks and buses. By 1974, these five states accounted for 19 of the 47 major truck and bus final-assembly plants in the United States and again had 56 percent of United States production. In Canada, Ontario accounted for seven of Canada's 11 major truck and bus final-assembly operations in 1974; British Columbia accounted for three, and Quebec accounted for one.

Altogether, 20 states and three Canadian provinces were host to truck and bus final-assembly operations in 1974. The ranking of states in the production of trucks and buses in 1974 was as follows: Michigan, 32 percent; Ohio, 17 percent; Missouri, 10 percent; Kentucky, 8 percent; Maryland, 8 percent; California, 8 percent; Indiana, 4 percent; Georgia, 4 percent; Wisconsin, 3 percent; New Jersey, 2 percent; Virginia, 2 percent; and Pennsylvania, Minnesota, Oregon, and Connecticut each accounted for 1 percent or less of United States production.

Several new truck and bus production facilities have opened in the United States and in Canada since 1960. Several United States producers of trucks and buses that did not have production facilities in Canada prior to 1965, such as Mack, White, and Kenworth, have built assembly plants there since 1965. In addition, Chrysler Corporation has recently put into operation a new truck final-assembly operation at Windsor, Ontario.

Truck and bus production has experienced rapid growth in Canada since 1960. Such production accounted for 5.5 percent of total United States-Canadian output in 1960, 1/ increased to 14 percent of the United States-Canadian total in 1969, and has since declined to about 11 percent of total United States Canadian output of trucks and buses. Canada's share of United States truck and bus production should increase substantially during the next few years as Chrysler Corporation puts into full operation its completely new final-assembly plant for trucks. United States and Canadian truck and bus production amounted to only 1.2 million units and 70,000 units, respectively, in 1960; 2/ such output reached a peak in 1973 of 3 million vehicles in the United States and 339,000 vehicles in Canada.

The Big Four account for about 85-91 percent of U.S. truck and bus production, International Harvester accounts for 6-10 percent, and all of the remaining firms account for 3-5 percent. Mack and White generally account for about 1 percent each. 3/ In Canada, General Motors, Ford, Chrysler, and International Harvester together account for 97 percent of truck and bus production. 4/ Mack and White began producing in Canada in the late 1960's and currently account for very small proportions of Canadian output. Jeep Corporation, now a subsidiary of AMC, produced trucks in Canada only during 1966-69.

1/ See table 72 of this report.

2/ See tables 66 and 68 of this report.

3/ See table 67 of this report.

4/ See table 69 of this report.

Original-equipment motor-vehicle parts.--Original-equipment motor-vehicle parts production increased in value from \$9.1 billion and \$234 million in the United States and Canada, respectively, in 1960 1/ to \$31.5 billion in the United States and \$2.3 billion in Canada in 1973. Such production declined slightly in both countries in 1974. The Canadian share of original-equipment parts production in the United States and Canada increased from 2.5 percent in 1960 to 7 percent during the early 1970's. 2/ Canadian parts production has not grown as rapidly as Canadian final-assembly operations, however, and as a result increasing quantities of imports are required to supply Canada's motor-vehicle assembly lines.

Independent parts producers accounted for a relatively constant share of U.S. original-equipment parts production throughout the period 1960-74, accounting for about 45 percent of total U.S. output. 3/ The major motor-vehicle manufacturers have accounted for the remainder of U.S. parts production. In Canada, independent parts producers have accounted for a declining share of total Canadian output. during the early 1960's such producers accounted for over three-quarters of total Canadian output, while currently they account for less than 60 percent. 4/

1/ See tables 81 and 82 of this report.

2/ See table 84 of this report.

3/ See table 81 of this report.

4/ See table 82 of this report.

United States imports from Canada 1/

Growth in United States imports of motor vehicles from Canada since the signing of the agreement has been phenomenal. United States imports from Canada amounted to fewer than 12,000 passenger automobiles a year prior to 1965. 2/ By 1973, such imports amounted to 862,000 vehicles, declining to 802,000 vehicles in 1974. A further decline in United States imports of passenger automobiles is in prospect for 1975. United States imports from Canada accounted for less than 1 percent of the quantity of Canadian production in 1960, but accounted for 68-75 percent of Canadian production by the 1970's. 3/ United States imports from Canada accounted for less than 1 percent of United States consumption of passenger automobiles during 1960-74, but by 1974 and 1975 accounted for 10-11 percent of United States consumption. 4/

United States imports of trucks and buses from Canada increased from fewer than 500 vehicles a year prior to 1964 to 215,000 vehicles in 1973; 5/ such imports declined to 189,000 units in 1974, and a further decline is projected for 1975. United States imports from

1/ Data on the quantities of United States imports from Canada are presented in tables 46-51 of this report for passenger automobiles, and in tables 76-78 for trucks and buses. Data on the values of imports from Canada of original-equipment parts are presented in table 86. The transfer values of United States imports from Canada of passenger automobiles, trucks and buses and parts, as obtained from the Commission's questionnaires, are presented in table 98. The transfer values for such imports, as reported in the Annual Report of the President to the Congress, are presented in table 99, and the values, as reported in the official statistics compiled by the Bureau of the Census, are presented in table 100.

2/ See table 46 of this report.

3/ See table 47 of this report.

4/ See table 55 of this report.

5/ See table 76 of this report.

Canada increased from less than 0.5 percent of Canadian production during 1960-64 to more than 60 percent of Canadian production during the early 1970's. 1/ During the same period, such imports increased their share of United States consumption from less than 0.05 percent in 1960 to 8-10 percent during the 1970's. 2/

United States imports of original-equipment motor-vehicle parts from Canada increased from about \$1 million a year in 1960 to \$45 million by 1964, and to \$1.7 billion by 1973, declining to \$1.6 billion in 1974. 3/ Such imports accounted for 0.4 percent of Canadian original-equipment parts production in 1960, 9.7 percent in 1964, and 71 percent in 1974. 4/ Such imports accounted for less than 0.5 percent of United States consumption during the early 1960's and more than 6 percent in the 1970's. On the average, imported parts from Canada account for about 4-5 percent of the transfer price of United States-assembled motor vehicles.

1/ See table 78 of this report.

2/ See table 78 of this report.

3/ See table 86 of this report.

4/ See table 89 of this report.

United States exports to Canada 1/

United States exports to Canada increased from fewer than 27,000 passenger automobiles a year prior to 1965 to a peak of 485,000 vehicles in 1974. 2/ Exports to Canada should be about the same in 1975 as they were in 1974. United States exports to Canada accounted for less than 0.5 percent of United States passenger-automobile production prior to 1965, and more than 6 percent of United States production in 1974. 3/ United States exports to Canada accounted for less than 5 percent of Canadian consumption of passenger automobiles during the early 1960's, but accounted for about two-thirds of such consumption in 1974. 4/

United States exports of trucks and buses to Canada increased from 3,000 vehicles in 1964 to a record 168,000 vehicles in 1974. 1/ In 1964 such vehicle exports accounted for 0.4 percent of United States production; by 1974, they accounted for 6 percent. 2/ United States truck and bus exports to Canada accounted for less than 5

1/ Data on the quantities of United States exports to Canada are presented in tables 36-45 of this report for passenger automobiles and in tables 73-75 of this report for trucks and buses. Data on the value of United States exports to Canada of original-equipment parts are presented in table 85. The transfer values of United States exports to Canada, as obtained from the Commission's questionnaires, are presented in table 95 of this report. The transfer values for such exports, as reported in the Annual Report of the President to the Congress, are presented in table 96, and the values, as reported in the official statistics compiled by the Bureau of the Census, are presented in table 97.

2/ See table 36 of this report.

3/ See tables 39 and 42 of this report.

4/ See table 44 and 45 of this report.

5/ See table 73 of this report.

6/ See table 75 of this report.

percent of Canadian consumption during the early 1960's and increased their share of Canadian consumption to over 50 percent during the early 1970's.

United States exports of original-equipment motor-vehicle parts to Canada increased from a value of less than \$600 million a year prior to 1965 to a value of \$3.1 billion in 1974. 1/ Such parts exports accounted for less than 4 percent of United States production prior to 1965, but now account for about 10 percent. 2/ United States parts exports to Canada accounted for 56-57 percent of Canadian consumption during the early 1960's and over 80 percent of Canadian consumption each year since 1972. United States-made parts accounted for about 45 percent of the transfer price of the average motor vehicle assembled in Canada prior to 1965; they account for about 60 percent of the value of such vehicles currently.

1/ See table 85 of this report.

2/ See table 88 of this report.

United States-Canadian Automotive Trade Balances

The "traditional" method of calculating United States-Canadian automotive trade balances, 1/ using official statistics for United States imports and United States exports as published by the Bureau of the Census, results in a United States trade surplus of \$556 million 1964, increasing to a surplus of \$653 million in 1965, declining to a net deficit position in 1968 and continuing downward to a deficit of \$1.3 billion in 1972. By 1974, the United States position had improved to a deficit of only \$407 million. A surplus of over \$300 million is projected for 1975, based on data for the first 6 months of the year. Under the traditional system, the 1974 balance for passenger automobiles was a United States deficit of \$1.3 billion, for trucks and buses it was a United States surplus of \$200 million and for parts it was a United States surplus of \$714 million.

The import/import method used in the Annual Report of the President, 2/ and used officially by the United States and Canadian governments, shows United States surpluses of \$566 million in 1964 and \$661 million in 1965, followed by declining United States surpluses until a net United States deficit position was reached in 1970. The low point reached in this series was a United States deficit of \$123 million in 1971. By 1974 the President's Annual Report shows a United States surplus of \$1.1 billion, and indications are that it may reach \$2 billion in 1975, based on data for January-June 1975. Under the import/import system, the 1974 balance

1/ See tables 97, 100, and 103 of this report.

2/ See tables 96, 99, and 102 of this report.

for passenger automobiles was a United States deficit of \$938 million. for trucks and buses it was a United States surplus of \$29 million. and for parts it was a United States surplus of \$2 billion.

The Commission's questionnaire responses in this investigation 1/ show that the United States enjoyed an automotive trade surplus with Canada of \$350-555 million annually during 1960-63, a surplus of \$545 million in 1964, and a surplus of \$703 million in 1965. The trade balance then declined to a net United States deficit position by 1968, and continued to decline to a United States deficit of \$527 million in 1972, increasing thereafter to a United States surplus of \$684 million in 1974. A United States surplus in excess of \$1.8 billion is projected for 1975 based on data for January-June 1975. Under this system the 1974 balance for passenger automobiles was a United States deficit of nearly \$900 million, for trucks and buses it was a United States surplus of \$13 million, and for parts it was a United States surplus of \$1.6 billion.

None of the above methods of measuring the United States-Canadian trade balances take into account engineering and tooling transfers across the border (most of which flow from the United States to Canada), or the flow of dividend monies across the border (most of which flow from Canada to the United States). Investment flows are not taken into account either.

One measure of Canadian automotive production activity in relation to that in the United States may be found in the comparison

1/ See tables 95, 98, and 101 of this report.

of "Canadian value added" in the production of motor vehicles and parts in Canada with the transfer cost of all motor vehicles built in the United States or Canada. Such a comparison shows the Canadian share of United States-Canadian automotive production activity to have increased from 3.9 percent in 1965 to 6.7 percent in 1970. 1/ The Canadian share, by this measure, dipped to 5.4 percent in 1973 but increased to 6.6 percent in 1974.

1/ See table 104 of this report.

**Efforts of the Canadian Motor-Vehicle Manufacturers to Meet
Their Commitments to the Government of Canada**

In general, the motor-vehicle manufacturers have met, or exceeded by a substantial margin, the various commitments required to be accorded duty-free treatment in Canada. 1/

For instance, the ratio of the net sales value of vehicles produced in Canada to the net sales value of vehicles sold in Canada's (as defined in annex A to the agreement) was not to fall below the ratio prevailing in the 1964 model or "base" year, and in no case below 75 percent. 2/

Most motor-vehicle manufacturers in Canada produced nearly as many motor vehicles as they sold in Canada in 1964; this was certainly true of the Big Four. Since 1964, the required "base" year production/sales level has been maintained in toto by the Big Four although some individual motor-vehicle manufacturers did fail to meet the ratio in some years for certain classes of vehicles.

Annex A of the agreement also requires the motor-vehicle manufacturers to maintain the absolute dollar value of "Canadian value added" for each class of motor vehicle produced in Canada at a level equal to or greater than the "Canadian value added" of all vehicles of that class produced in Canada by the manufacturer in the "base" year.

As with the production/sales ratio, the motor-vehicle manufacturers generally met, or exceeded by a substantial margin, the requirements

1/ See tables 105 and 106 of this report.

2/ The production/sales ratio could rise above 100 percent whenever motor-vehicle production in a particular class exceeded sales in Canada, that is, motor-vehicles could be produced for excess inventory or, more likely, for export and sale in the United States.

necessary to be accorded duty-free treatment in Canada. For the Big Four, "Canadian value added" totalled approximately U.S. \$691 million in the "base" year (1964); this absolute dollar amount was exceeded by the Big Four each year thereafter. By 1975, total "Canadian value added", for purposes of annex A, by the Big Four was over U.S. \$1.5 billion--an increase nearly 1.3 times over the base level. 1/

In the individual motor-vehicle manufacturers' "letters of undertaking", each was required to achieve a lump-sum "Canadian value added" higher than that achieved in the "base" year by model year 1968, to maintain that lump-sum "Canadian value added" each model year thereafter, and, in addition, to increase "Canadian value added" for passenger automobiles in each model year over that amount achieved in 1964 (the "base" year) by an amount equal to 60 percent of the growth in the Canadian market for the relevant model year (50 percent for trucks and buses). 2/

For the Big Four, the lump-sum "Canadian value added" required by model year 1968 totalled approximately U.S. \$222 million. 3/ The individual requirements of the motor-vehicle manufacturers were U.S. \$112 million for General Motors, U.S. \$69 million for Ford, U.S. \$30.5 million for Chrysler and U.S. \$10.4 million for American Motors.

1/ See table 105 of this report.

2/ For purposes of the "letters of undertaking", in contrast to the agreement, "Canadian value added" includes vehicles and original-equipment parts exported from Canada by the motor-vehicle manufacturers or their vendors as well as "Canadian value added" in vehicles and original-equipment parts produced and sold in Canada.

3/ The total "Canadian value added" dollar amount required for all motor-vehicle manufacturers (the Big Four and others) in "letters of undertaking" with the Canadian Government was approximately U.S. \$241 million (C \$260 million).

For purposes of the "letters of undertaking" the Big Fours' commitments were exceeded by a substantial margin in each year. For instance, the Big Fours' required "Canadian value added" by 1968 was approximately U.S. \$515 million ^{1/}, their actual increase in "Canadian value added" by 1968 was U.S. \$973.9 million, exceeding their requirement by U.S. \$458.9 million. The Big Four also exceeded the requirements in their "letters of undertaking" each year since 1968; in 1975 their required "Canadian value added" was U.S. \$1.8 billion; and their actual increase in "Canadian value added" was over U.S. \$1.9 billion or an excess of approximately U.S. \$124 million.

In addition to the dollar amounts committed by the Big Four, at least another U.S. \$19-20 million, was to be achieved by model year 1968 by numerous smaller motor-vehicle manufacturers. For example, International Harvester in its "letter of undertaking" was required to increase its dollar value of "Canadian value added" by a stipulated amount by 1968 and, like the other motor-vehicle manufacturers, was to maintain its "Canadian value added" each year thereafter. International Harvester's percentage growth requirement was less than that of the Big Four's 60 percent ^{2/} since it was a medium-sized manufacturer of trucks and buses. Even smaller motor-vehicle manufacturers such as Mack, entered into "letters of undertaking" with the Canadian Government. Mack's letter required that it maintain "Canadian value added" of a stipulated dollar amount and obtain an additional lump-sum

^{1/} Includes U.S. \$221.9 million lump-sum "Canadian value added" requirement and percentage growth in market requirement for 1968 of U.S. 293.1 million.

^{2/} For passenger automobiles.

"Canadian value added" by model year 1968. Mack's percentage growth requirement was less than that of the Big Four's as well, since it was a substantially smaller producer than either the Big Four or International Harvester. Mack's "letter of undertaking" also differs from those signed by the larger motor-vehicle manufacturers since it was not a "manufacturer" during the "base" year, as defined in annex A of the United States-Canadian automotive agreement. Consequently, Mack's "base" was gradually established at a specified dollar amount of "Canadian value added" and its percentage growth requirement was related to its cost of sales as stated in its "letter of undertaking".

International Harvester has stayed with its "letter of undertaking" and has not failed to meet its "Canadian value added" requirements. It is understood that Mack has met all of its Canadian requirements since entering into its "letter of undertaking", early in 1965.

In addition to one major motor-vehicle manufacturer's new truck assembly plant in Canada, built to meet various commitments to the Canadian government, 1/ the motor-vehicle manufacturers have increased their final-assembly operations in Canada and have increased their captive production of parts in Canada as well as their purchases of Canadian-made parts from independent suppliers. In some cases United States parts producers are reported to have been pressured to establish or expand parts production in Canada or lose contracts to parts

1/ Chrysler, in its efforts to meet its commitments posted a U.S. \$19.5 million (C \$20 million) bond with the Canadian Government to guarantee that it would build a truck assembly plant in Canada. The plant began operation in November 1975.

producers that would do so. As a result, independent parts production in Canada has increasingly become dominated by United States independent parts producers.

Thus, it appears that the motor-vehicle manufacturers have generally met, or exceeded by a substantial margin, the various commitments in the agreement required to be accorded duty-free treatment in Canada. In general, all of the production/sales ratios were met or exceeded by the motor-vehicle manufacturers. The total absolute dollar amount of "Canadian value added" was also maintained or exceeded as required in annex A to the agreement by the motor-vehicle manufacturers in each year since 1964.

The commitments required of the individual motor-vehicle manufacturers in their "letters of undertaking" to the Canadian government have also generally been met or exceeded. The "lump sum" dollar amounts of "Canadian value added" were met by the individual motor-vehicle manufacturers without exception by model year 1968. That dollar amount coupled with the "growth in market" requirement was met or exceeded in each year with some exceptions. In addition, International Harvester and Mack Trucks, which may be representative of the smaller manufacturers, have met or exceeded the requirements imposed upon them in the agreement and their individual "letters of undertaking".

United States and Canadian automotive prices

The stated objectives of the agreement were to create a broader market for automotive products (to permit the full benefits of specialization and large-scale production), to liberalize automotive tariffs between the United States and Canada, and to develop conditions in which market forces could operate efficiently and economically. If the agreement's objectives have been achieved it would seem reasonable to expect that the price differential for passenger automobiles between the United States and Canada would narrow or be eliminated entirely.

For the period 1965-68 (the so-called "transitional period") the factory price differential declined considerably. In fact, while the four-door, six-cylinder sedan (the Plymouth Valiant) was factory priced higher in Canada than in the United States during the 1965-68 period, the factory price differential declined each year from 1965's high of \$206 to 1968's \$133; a reduction from 9.6 to 5.7 percent. The four-door, eight-cylinder sedan (the Ford Custom) followed a similar pricing pattern, narrowing the factory price differential from \$234 in 1965 to \$160 in 1968--a reduction from 9.2 to 5.9 percent. The largest model, a two-door, eight-cylinder hardtop (the Buick Riviera) reflected a price differential in 1965 of \$1,230 and a price differential of \$372 in 1968--a significant decline in the price differential from 30.6 percent in 1965 to 8.7 percent in 1968.

For each of the preceding passenger automobiles, the manufacturer's suggested retail price (the price most commonly presented to the consumer) differential narrowed much less than the factory price differential between Canada and the United States. For instance, in 1965-68 the Canadian retail price differential declined from 9.8 to 9.0 percent for the Plymouth Valiant, 9.6 to 9.0 percent for the Ford Custom, and 29.8 to 11.5 percent for the Buick Riveria. The retail price differential narrowed less than factory prices for the 1965-68 period since the Canadian sales tax was absolutely and relatively higher than the comparable excise tax levied in the United States. In Canada, the sales tax on passenger automobiles was 11 percent during 1965-67 and increased to 12 percent in 1968. In the United States, the excise tax was 10 percent in 1965 and decreased to 7 percent in 1966. 1/

In contrast to the 1965-68 period, the factory price differential for most new passenger automobiles was actually higher, both absolutely and relatively, during 1971-74, than in 1965. Factory price differentials in 1975 were below the 1965 levels for all models. Representative, although not identical, models as those discussed earlier were analyzed for the 1965 and 1971-75 period. The 1965 factory price differential was 9.5 percent for a representative two-door, six-cylinder coupe, 9.2 percent for a four-door, eight-cylinder sedan and 30.6 percent for a two-door, eight-cylinder hardtop.

1/ See tables 107-109 of this report.

In 1971, the two-door, six-cylinder coupe was priced 10.1 percent higher in 1971 in Canada than in the United States at the factory level. The Canadian factory price differential fluctuated between 1971 and 1974 and amounted to 12.4 percent in 1974. During the years 1972-74, the factory price differential was greater than that prevailing in 1971 and, in fact, it was greater than that prevailing in 1965--the year the agreement was signed. In 1975 factory price differentials declined to lower levels than those prevailing in any of the prior years; the 1975 differential was 4.6 percent. It is too early to predict whether or not the 1975 pricing pattern will continue. 1/

In 1971, the four-door, eight-cylinder sedan was factory priced 10.6 percent higher in Canada than in the United States. By 1972, the factory price differential had risen to 12.5 percent but it declined thereafter. The 1973 price differential declined to 11.5 percent; it increased to 12.2 percent by 1974. As with the two-door, six-cylinder sedan, the somewhat larger four-door model remained higher priced in Canada than in the United States. Again, the factory price differential remained above 10 percent for the 1971-74 period and was higher than the 9.2 percent margin prevailing in 1965. In 1975, the price differential at the factory level amounted to 4.6 percent; as stated earlier, 1975 pricing patterns may or may not be predictive of future pricing patterns.

The largest and highest priced model selected for analysis, the two door, eight-cylinder hardtop, was priced higher in Canada than in

1/ See table 110 of this report.

the United States by 30.6 percent at the factory level in 1965. By 1971, the two-door, eight-cylinder hardtop used for comparison had a price differential of 13 percent, resulting in the largest decrease in price differentials since 1965, of any of the models selected. In fact, for the 1971-74 period, it appears that only the larger, more expensive, automobiles decreased their factory price differential below those that prevailed during 1965. The 1975 price differential for the two-door, eight-cylinder hardtop amounted to only 6.3 percent.

Manufacturer's suggested retail prices for the period 1965-1968 were higher in Canada than in the United States; however, the price differential generally declined to levels lower than those prevailing in 1965. In contrast, for the period 1971-75 the retail price differential was actually higher than it was in 1965 with the exception of the largest most luxurious model compared. In 1965, a popular two-door, six-cylinder coupe, a popular four-door, eight-cylinder sedan and a popular two-door, eight-cylinder hardtop reflected retail price differentials of 9.9, 9.6, and 29.8 percent, respectively. By 1975, the retail price differential for the two-door, six-cylinder coupe had increased to 14.6 percent and reached a high in 1974 of 22.8 percent. The four-door, eight-cylinder sedan reflected a retail price differential of 21.9 percent in 1974 and 13.7 percent in 1975--considerably above the 9.6 percent margin prevailing in 1965. The only exception to this pricing pattern appears to be that of the two-door, eight-cylinder hardtop model compared. This model's 1965 retail price differential of 29.8 percent declined to 15.4 percent in 1975. 1/

1/ See table 110 of this report.

Much of the pricing differential at the retail level can be attributed again to the marked differences between Canadian and United States taxing policies. For instance, for the 1971-75 period, Canada maintained a sales tax of 12 percent; whereas, except for its tax on tires the United States had eliminated its 7 percent excise tax in 1971.

In summary, the factory and retail price differentials for passenger automobiles generally decreased below those prevailing in 1965 for the 1966-68 period, but automobiles still remained higher priced in Canada than in the United States. For the more recent period, 1971-74, with the exception of the most expensive, most luxurious model compared, factory and retail price differentials actually increased to levels above those prevailing in 1965. The 1975 factory price differentials for all models were at levels below those prevailing in 1965. On the retail level, however, only the most expensive, most luxurious model had a retail price differential less than that existing in 1965. Each year since the signing of the agreement, automobiles have been higher priced in Canada at both factory and retail levels than they have been in the United States. In fact, with few exceptions,

until 1975, automobile price differentials were greater in the 1970's than they had been in 1965--the year the agreement was implemented. 1/

In looking at factory list and manufacturers' suggested retail list prices the Commission recognizes that these prices may only supply an indication of true price differences between comparable passenger automobiles in the United States and Canada since such list prices do not reflect rebates, discounts, or prices negotiated to levels lower than list prices. The Commission further recognizes that very few, if any, passenger automobiles are sold at retail at the suggested retail list price in either the United States or Canada.

1/ It should be noted that the conclusions drawn here regarding pricing vary from those stated in most Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965. The Commission's staff equated Canadian and United States dollars using the official exchange rate in effect for each year 1965, and 1971-75 rather than using the most recent exchange rate as a constant for each prior year as was done in the annual reports of the President. Use of constant exchange rates results in annually declining differentials between the prices of vehicles sold in the United States and vehicles sold in Canada, throughout the period 1965-75, both on the factory price and on the retail list price levels. In order to provide continuity of data, the Commission was required to use different vehicle models than those used in the 1971-75 annual reports of the President to the Congress.

IMPACT OF THE AGREEMENT ON UNITED STATES AND CANADIAN INVESTMENT
EXPENDITURES AND INCOME

Investment Expenditures on Plant and Equipment in the
United States and Canada

The Commission's questionnaires requested information concerning investment in the United States and Canada by the major motor-vehicle manufacturers for the period 1960-74. Investment data were requested for the period 1960-64 in order to determine the investment patterns that preceded the agreement, which became effective in 1965, and the Canadian duty-remission plans, which became effective in 1962 and 1963. Although the questionnaire recipients were unable to supply the desired data, some general comments on the pre-agreement period are in order. The motor-vehicle manufacturers report that their investment in new plant and equipment increased substantially following the implementation of the Canadian duty-remission plans in order to obtain the benefits of the plans. Much new investment in Canada was committed prior to the implementation of the agreement. In fact, for the most part, Canadian motor-vehicle manufacturers report that little in the way of additional investment in Canada was required, under the agreement or the "letters of undertaking" over and above that already made or committed under the prior plans. "Canadian value added" requirements of the agreement and "letters of undertaking" for the 1968 model year reportedly could easily be met with investments made or committed prior to 1965. The major investments made in Canada following the agreement, therefore, were probably made by independent

United States original-equipment parts producers rather than by the major motor-vehicle manufacturers.

In view of the preceding paragraph, it is not surprising that Big Four net investment in Canada increased in 1965 to \$194 million from \$125 million in 1964. Much of the increase in investment was planned prior to the agreement in order to benefit from the Canadian duty-remission plans. From \$194 million in 1965, Big Four direct investment in Canada fell to a level of \$140 million in 1966, \$90 million in 1967 and \$50 million in 1968, as investments made or committed under the duty-remission plan were sufficient to allow the motor-vehicle manufacturers to meet their commitments under the agreement and the "letters of undertaking".

From 1964 to 1968, Big Four expenditures on plant and equipment averaged \$1.5 billion annually in the United States and \$119.9 million annually in Canada. 1/ Canadian expenditures were 7.5 percent of combined United States and Canadian expenditures for the 1964-68 period. While annual United States expenditures remained approximately the same between the 1964-68 and the 1969-74 periods, they declined by about 36 percent in Canada. Specifically, from 1969 to 1974, United States expenditures averaged \$1.5 billion annually and expenditures in Canada averaged \$76.4 million annually. Canadian expenditures for the 1969-74 period were just over 5 percent of the combined United States and Canadian expenditures. During the periods January-June 1974 and January-June 1975, net investment expenditures on plant and

1/ See table 111 of this report.

equipment by the Big Four in the United States were \$939.4 million and \$720.4 million, respectively--a decline of approximately 23 percent. In Canada, such net investment expenditures by the Big Four totalled \$52.3 million for January-June 1974 and 36.9 million for January-June 1975, a decline of 29 percent.

Financing of Net Direct Investment Expenditures in Canada

Practically all of the investment expenditures for plant and equipment made by the Big Four motor-vehicle manufacturers in Canada were financed from retained earnings of their affiliates. Only a minimal amount of borrowing was done by the affiliates from Canadian sources. There was no outflow of capital from the United States to finance direct investment expenditures in Canadian motor-vehicle operations.

Net Investment Income Flows From Motor-Vehicle Operations in Canada

In this section only dividend income from direct investment is discussed. Fees and other income earned from performing certain services, such as tooling and engineering, are included in the next section where balance of payments effects are discussed. The income flows have been exclusively from Canadian affiliates to the United States parent companies; none flowed in the opposite direction. As will be seen later, this is not true to the same extent in the case of certain services like tooling and engineering.

As in the case of investment expenditures on plant and equipment, investment income received by the Big Four from their Canadian operations

fluctuates from year-to-year. From 1964 to 1968, the average annual income repatriated to the United States from Canadian operations by the Big Four was \$36.7 million. 1/ From 1969-72 the average annual dividend income flowing into the Big Four was \$39.8 million. During more recent years, 1973 and 1974, the average annual inflow was \$114.1 million. In addition, the higher than average annual dividend inflow to the United States in recent years reflected the fruition of heavier investments made prior to 1967.

1/ See table 112 of this report.

IMPACT OF THE AGREEMENT ON THE UNITED STATES BALANCE OF PAYMENTS

Some Statistical Problems

The balance of payments records the flows of goods, services, and money during a given period. Thus, unlike the automotive products trade balance which includes only United States-Canadian trade in completed motor vehicles and original-equipment parts it includes, in addition, commodity trade directly related to automotive trade; dividend income flows from direct investment; fees and royalties; and capital movement for the motor-vehicle products sector. Obviously, there are secondary and tertiary effects from automotive products trade and investment that are difficult to measure but if measured would give an accurate and precise evaluation of the total impact of the agreement on the United States-Canadian balance of payments. Nevertheless, an estimate can be made of the important balance of payments items that are directly linked to the automotive-products sector.

Operations of the Agreement that Impinge on the
United States-Canadian Balance of Payments

In the case of the United States-Canadian automotive agreement the long-term capital account will not be discussed since all automotive direct investment expenditures by the Big Four that took place in Canada since 1964 were from Big-Four affiliates' retained earnings and were not from capital outflows from the United States parent firms. For this reason there are no balance of payments effects related to the Big-Four United States affiliates' direct automotive investment expenditures in Canada. No comparable data on such expenditures by smaller

motor-vehicle producers or independent parts producers are available. Data available from the Big Four motor-vehicle manufacturers for measuring the current account automotive balance includes three major categories:

(1) trade in automotive products; (2) trade in raw materials and other automotive related products and services; and (3) net investment income received.

Trade in automotive products 1/ and net investment income 2/ have been discussed previously. United States-Canadian trade by the Big Four resulted in United States deficits for raw materials, and United States surpluses for production machinery and equipment and for miscellaneous services throughout the 1964-74 period. 3/ Specifically, the 1964-74 average annual deficit for raw materials was \$53.2 million; for production machinery and equipment the average annual surplus was \$31.7 million; and for miscellaneous services the annual surplus was \$105.7 million. The average annual trade balance for the three automotive related categories for the 1964-74 period was a surplus of \$84.2 million. Thus, unlike the motor-vehicle products trade balance which fluctuated from surplus to deficit to surplus, the automotive related products and services category was in surplus throughout the 1964-74 period.

The United States had a surplus in the automotive related current annual balance of payments with Canada from 1965 4/ to 1967; the average

1/ See page 133 of this report.

2/ See page 147 of this report.

3/ See tables 113 and 114 of this report.

4/ Data on automotive current account balances are not available for the years prior to 1965.

annual surplus was \$485.6 million. 1/ From 1968 until 1973 this balance was in deficit by an annual average \$294.1 million. In 1974 the net automotive-products trade balance was in surplus by \$565.5 million. The cumulative trade balance for automotive products from the beginning of the operation of the agreement in 1965 until 1974 was a surplus of \$257.6 million.

The United States balance of trade with Canada in raw material and other automotive related products and services was in surplus throughout the 1965-74 period. The average annual United States surplus in raw materials and other automotive related products and services was \$84.2 million. Net investment income received from Canada averaged \$65.8 million annually for the 1965-74 period.

The total current account balance with Canada combines the net balance of motor-vehicle products trade, the net balance of automotive related products and services, and the net investment income received from Canada. The current account balance was in surplus from 1965 to 1968 and from 1973 to 1974. Deficits were accumulated from 1969 until 1972. The cumulative current account balance from the beginning of the operation of the agreement in 1965 until 1974 was a surplus of \$1.8 billion.

1/ See table 115 of this report.

IMPACT OF THE AGREEMENT ON EMPLOYMENT

Employment Trends, 1960-74

Although United States employment in the motor-vehicle industry is more than ten times as large as Canada's, Canadian employment has increased at a faster rate since the United States-Canadian automotive agreement went into effect. The United States total annual employment averaged 699,000 for the 1960-64 period prior to the agreement. 1/ For the 1965-74 post-agreement period U.S. annual employment averaged 866,100, an increase of 23.9 percent over the pre-agreement 1960-64 annual average. Total Canadian annual employment in the 1960-64 period averaged 33,000, during the the 1965-74 post-agreement period it averaged 56,700, an increase of 72.9 percent over the pre-agreement period. The Canadian share of total United States-Canadian employment increased from 4 percent in 1960 to nearly 7 percent in 1974.

Average annual employment of production and related-workers in the United States averaged 521,000 for the 1960-64 pre-agreement period and 656,000 for the 1965-74 post-agreement period, for an increase of 25.9 percent. 2/ Average annual employment of production and related workers in Canada for the 1960-64 period was 24,000; it averaged 43,000 for the 1965-74 post-agreement period, for an increase of 79.3 percent over the pre-agreement period. The Canadian share of total United States-Canadian production and related workers in the automotive-products industry increased from 4 percent in 1960 to 7 percent in 1974. In the first

1/ See table 116 of this report.

2/ See table 117 of this report.

6 months of 1975 the Canadian share increased further to more than 9 percent as a result of Canada's less precipitous decline in the employment of production and related workers for the 6 month period.

Overall, United States employment of production and related workers in the motor-vehicle industry for the Big Four peaked at about 755,000 workers in October and November of 1973, 1/ the end of the biggest year on record for United States motor-vehicle production. By March 1974, employment had declined to 595,000 workers, or by 160,000 workers (21 percent). Following some improvement during the spring, summer, and fall of 1974, during which employment increased to 692,000 workers, it fell again to its low point, for the current energy- and recession-induced decline, of 472,000 workers in February 1975, or 283,000 workers (37 percent) below the record employment level of October 1973. At its low point in February 1975, employment was 142,000 workers (23 percent) lower than in the comparable months of 1974 and 243,000 workers (34 percent) lower than in February 1973. The United States employment situation improved after February 1975 to a total employment of 621,000 workers in September 1975 only 60,000 (9 percent) less than in September 1974, 101,000 (14 percent) less than in September 1973, and 130,000 (17 percent) less than the record month, October 1973.

Employment in Canada was never as adversely affected as that in the United States either by the energy crisis or the recession. Canada's record employment was reached in November 1974 and amounted to 53,000 production and related workers. 2/

1/ See table 114 of this report.

2/ See table 115 of this report.

The low point in Canadian employment during the current recession, excluding model change-over periods, was 41,000 workers reached in February 1975. This was 7,000 workers (15 percent) fewer than during the comparable month of 1974, 8,000 workers (16 percent) fewer than during the comparable month of 1973, and 12,000 workers (23 percent) fewer than the record November 1974 employment level. Its overall low point of the current recession, however, was 34,000 workers reached during the model change-over period in August 1975. This was only 5,000 workers (13 percent) fewer than during the comparable months of 1973 and 1974, but was 19,000 (35 percent) fewer workers than the record November 1974 employment. Canadian employment improved by 13,000 workers in September 1975 and was only 9 percent below the record November 1974 level, as the 1975-76 model change-over was completed.

The immigration policies of the United States and Canada do not encourage massive movements of workers from residences in one country to places of employment in the other country on a day-to-day basis, but do not prevent such movements either. The Detroit-Windsor area would be the largest source of such cross-the-border commuting, but there it accounts for only a tiny fraction of the population in either city. In all, the Canadian Government reports 60 United States citizens working in the Canadian automobile industry in Windsor in 1975. Of these, the Big Four account for 52 workers. Meanwhile, the Big Four report that 211 Canadians were employed in their United States operations in the Detroit area. In view of Detroit's population of 1.5 million and Windsor's population of 203,000, the cross-border-flow of workers

in the motor-vehicle industry accounts for substantially less than 1 percent of the workforces or population of either community. Over half of the Canadian workers employed in the United States and over a third of the United States workers employed in Canada are salaried workers.

Adjustment Assistance Petitions

United States adjustment assistance

Adjustment assistance under the Automotive Products Trade Act of 1965.--Section 302 of the Automotive Products Trade Act provided that, during the period from January 21, 1966, to June 30, 1968, firms and workers applying for adjustment assistance as a result of the operations of the agreement would do so under special procedures that differed materially from those previously established by the Trade Expansion Act of 1962, and substantially liberalized the granting of such assistance. Essentially, within 50 days after receipt of a petition for adjustment assistance, the United States Tariff Commission was to provide a factual report to the President on whether:

- (1) dislocation of the firm or group of workers has occurred or threatens to occur;
- (2) production in the United States of the automotive product concerned produced by the firm, or an appropriate subdivision thereof, and of the automotive product like or directly competitive therewith, has decreased appreciably; and
- (3)(A) imports into the United States from Canada of the Canadian automotive product like or directly competitive with that produced by the firm, or an appropriate subdivision thereof, have increased appreciably; or

(B) exports from the United States to Canada of the United States automotive product concerned produced by the firm, or an appropriate subdivision thereof, and of the United States automotive product like or directly competitive therewith, have decreased appreciably, and the decrease in such exports is greater than the decrease, if any, in production in Canada of the Canadian automotive product like or directly competitive with the United States automotive product being exported.

Upon an affirmative determination by the President on each of the three points enumerated above, he was to certify the firm or workers as eligible to apply for adjustment assistance unless he determined that the "operation of the agreement" was not the primary factor "in causing or threatening to cause dislocation of the firm or group of workers." During the period, January 21, 1966-June 30, 1968, the Automotive Agreement Adjustment Assistance Board acted in the name of the President. The Secretary of Labor in effect made the determinations on the basis of the United States Tariff Commission's factual reports relating to groups of workers, and the Secretary of Commerce was to make the determinations on the basis of the United States Tariff Commission's factual reports relating to firms. During the period January 21, 1966-June 30, 1968, no firms but 21 groups of workers petitioned for adjustment assistance. The following calculation summarizes the experience under the adjustment assistance provisions of the Automotive Products Trade Act of 1965.

Experience under adjustment assistance provisions of the
Automotive Products Trade Act (January 1965-December 1968)

Item	Major States ^{1/}			Other States	Total
	Michigan	Wisconsin	Ohio		
Petitions submitted-----	7	<u>2/</u> 2	2	10	21
Petitions certified-----	6	2	1	5	14
Number of workers certified-----	1,253	315	400	525	2,493
Number meeting individual requirements-----	969	235	340	399	1,943
Retraining allowances (thousands)-----	\$4.4	\$2.5	\$8.8	\$45.0	\$60.7
Relocation allowances (thousands)-----	\$0.7	0	0	0	\$0.7
Weekly benefits paid (thousands)-----	\$1,710.4	\$467.4	\$556.3	\$1,048.1	\$3,782.2
Average payment per worker-----	\$1,770.	\$2,000.	\$1,662.	\$2,740.	\$1,978.

^{1/} Other petitions certified in New Jersey (1), New York (3), and Alabama (1).

^{2/} Involved American Motors in Milwaukee and Kenosha.

Source: U.S. Bureau of International Labor Affairs, Summary Sheet on Automotive Adjustment Assistance Activity, March 1969.

Of the 21 petitions for assistance filed before the Automotive Adjustment Assistance Board, 14 were certified as being eligible because the operation of the agreement had been the primary factor in causing, or threatening to cause, displacement of workers. The 14 petitions represented 2,493 workers, of whom 1,943 were found eligible for assistance payments. The amounts of weekly benefits and retraining and relocation allowances paid out under the provisions of the Automotive Products Trade Act also are summarized in the table. The total direct cost of adjustment assistance program through 1968 was approximately \$4.1 million. As might be expected, Michigan was the state most active in the

assistance program. Six petitions were approved for Michigan workers during the eligibility period, and 969 workers met the individual requirements and were eligible for benefits. Payments totalled \$1.7 million. Substantial allowances were also paid to dislocated workers in Ohio (\$556,000), Wisconsin (\$467,000), and New York (\$383,000). The average transfer payment per-worker--including weekly benefits and retraining and relocation allowances--came to a little less than \$2,000.

Adjustment assistance under the Trade Expansion Act of 1962.--

Section 302 of the Automotive Products Trade Act of 1962 entitled firms or groups of workers to petition for adjustment assistance if they were dislocated primarily because of the operation of the agreement; this provision expired June 30, 1968. From that date until April 2, 1975, firms or groups of workers could petition the Commission for assistance under the Trade Expansion Act of 1962. Since the only petitions related to the United States-Canadian automotive agreement were from groups of workers, section 301(c)(1) of the Trade Expansion Act of 1962 was applicable, and all such cases came before the Commission. Section 301(c)(1) stipulated that four criteria must be satisfied in order for a group of workers to qualify for adjustment assistance. These criteria were:

- (1) Articles like or directly competitive with those produced by the workers' firm are being imported in increased quantities;
 - (2) The increased imports are a result in major part of concessions granted under trade agreements;
 - (3) A significant number or proportion of the workers concerned are unemployed or underemployed, or threatened with unemployment or underemployment;
- and

- (4) The increased imports resulting from trade-agreement concessions are the major factor causing or threatening to cause the unemployment or underemployment.

From 1968 until April 2, 1975, approximately 3,074 workers in the automotive products industry were certified by the Secretary of Labor as eligible to apply for adjustment assistance pursuant to an affirmative finding of injury by the Commission. Of the 3,074 workers receiving certification the majority, approximately 2,000 workers, were from a Los Angeles (Commerce, California) Chrysler Corporation passenger-automobile final assembly plant. Another 833 were denied certification due to negative findings by the Commission.

Adjustment assistance under the Trade Act of 1974.--On April 2, 1975, the Trade Expansion Act of 1962 was superseded by the Trade Act of 1974. Under the Trade Act of 1974, investigations pertaining to petitions by group of workers were transferred to the Department of Labor from the Commission. So far only groups of workers in the automotive products industry have petitioned for adjustment assistance under the Trade Act of 1974.

In order for the Department of Labor to make an affirmative determination and issue a certification of eligibility to apply for adjustment assistance, each of the following requirements of Section 222 of the Trade Act of 1974 must be met. They are:

- (1) that a significant number or proportion of the workers in such workers' firm or an appropriate subdivision of the firm have become totally or partially separated,
- (2) that sales or production, or both, of such firm or subdivision have decreased absolutely, and

- (3) that increases of imports of articles like or directly competitive with articles produced by such workers' firm or an appropriate subdivision thereof contributed importantly to such total or partial separation, or threat thereof, and to such decline in sales or production.

Assistance to workers under Section 222 of the Trade Act may include cash trade readjustment allowances, training, testing, counseling, job replacement, job search grants, and relocation allowances.

Between April 2, 1975, and November 30, 1975, approximately 18,720 workers in the motor-vehicle products industry were certified by the Department of Labor to receive adjustment assistance under the Trade Act of 1974. Of the 18,720 workers certified, approximately 18,000 workers were Chrysler auto workers in Missouri and Michigan final-assembly, trim, and engine plants. Another 33,250 workers, of which approximately 23,000 were Chrysler auto workers, were denied certification. 1/

The Department of Labor made affirmative findings for Chrysler auto workers involved in the production of intermediate autos, eight-cylinder engines, and certain types of automotive trim. It was found that for these three products there were no significant losses to domestic competition and Canadian imports increased substantially even in absolute terms.

On December 18, 1975, a series of petitions for worker adjustment assistance were filed by the UAW alleging that 30,000 workers at General

1/ The United Automobile Aerospace and Agricultural Implement Workers of America (UAW) filed suit shortly after the Secretary of Labor certified the 18,000 Chrysler workers for adjustment assistance and denied 23,000 Chrysler workers certifications. The purpose of the UAW suit is to require the Labor Department to certify the 23,000 Chrysler workers previously denied certification.

Motors, Ford, and Chrysler had been dislocated by reason of increased imports of standard-sized passenger automobiles from Canada. The workers were employed at 13 final-assembly plants and at many plants supplying parts for standard-sized passenger automobiles made at the 13 plants. At the same time the UAW filed an additional series of petitions with the Labor Department alleging that 48,000 workers at General Motors and Ford had been dislocated by increased imports of subcompact passenger automobiles. Although most of the imports involved in this case may be from Western Europe or Japan, some imports of subcompact passenger automobiles from Canada may be involved. The workers involved in this case were employed at 5 final-assembly plants and numerous plants that supply parts for subcompact passenger automobiles to the five plants. A determination on all of these cases, involving 78,000 workers, is due from the Department of Labor by mid-February.

Canadian adjustment assistance

Of the 613 Canadian firms that applied for adjustment assistance, 112 were eligible and received assistance; the remaining 501 did not qualify since it was determined that they were not in the automotive business.

Workers filed a total of 6,162 claims for benefits under the "Transitional Assistance Benefit Programme". Of these claims, a little more than one-half, or 3,113 were certified for payment. Assuming each worker filed only one claim, approximately 3.8 percent of the 1965 employment in the Canadian automotive products industry was affected by the agreement.

Labor Productivity in the Assembly of Passenger Automobiles in the United States and Canada

The firms that received the Commission's questionnaires were requested to furnish data on the number of man-hours required to assemble one vehicle in the subcompact, compact, intermediate, and standard size categories in their United States and Canadian facilities. Not all firms were able to furnish the information as requested. The completed returns for a major producer indicate that the number of man-hours required to assemble a vehicle varies directly with the size of the vehicle. For example, in 1974, the man-hours required to assemble a vehicle ranged from 16.44 for a subcompact model to 23.61 for a regular standard-type model. The same models required between 1 and 6 percent more man-hours to assemble in Canada than in the United States for the responding firms.

Trends in United States and Canadian Wage Rates

In Canadian motor-vehicle assembly operations where workers are members of the UAW, wage parity has been attained since 1969. The parity is expressed in U.S. dollars and does not take into consideration variations in the exchange rate. Thus, if a punch press operator makes \$5.32 an hour in a Ford assembly plant in Detroit, a similar worker in a Ford assembly plant in Canada will also be making (C) \$5.32 per hour.

Due to differences in the occupational mix an average wage rate for the entire United States automotive-products industry will not be equal to the average wage rate for the entire Canadian automotive-products industry.

In 1960 the average hourly earnings in the motor-vehicle sector was \$2.89 in the United States and \$2.27 in Canada, or 78.6 percent

of the United States hourly earnings. 1/ By 1972 the United States and Canadian hourly earnings were \$5.32 and \$4.91, respectively. The Canadian hourly earnings had increased to 92.3 percent of the United States hourly earnings from 78.6 percent in 1960.

The same narrowing of the differential in average hourly earnings between the two countries occurred in the motor-vehicle parts and accessories sector also. While Canadian hourly earnings averaged 77.2 percent of United States hourly earnings in 1960 (\$2.76 for the United States and \$2.13 for Canada), by 1972 they were 85.4 percent of United States hourly earnings (\$5.05 for the United States and \$4.31 for Canada). The overall narrowing of the differential did not begin to take effect in the motor-vehicle sector until 1968 and not until 1970 for the motor-vehicle parts and accessories sector.

Trends in United States and Canadian Labor Productivity

Even greater disparities in labor productivity are observed between the two countries when comparisons are made in value added per production worker man-hour. In the assembly of motor vehicles the gap in value added per production worker in the two countries has widened rather than narrowed from 1967 2/ to 1972. Canadian value added per production worker man-hour in motor-vehicle assembly increased from 78.8 percent of the United States level in 1967 to 84 percent in 1969 and thereafter declined and reached 64.8 percent of the United States level

1/ See table 123 of this report.

2/ There was a change in the U.S. Standard Industrial Classification in 1967 and a number of commodities including motor vehicles were reclassified. For this reason pre-1967 U.S. data cannot be adequately matched and compared with post-1967 U.S. data on a four digit SIC basis.

in 1972. ^{1/} For motor-vehicle parts production the difference in value added per production worker narrowed between the two countries from 1967 to 1972. Specifically, Canadian value added as a percent of United States value added per production worker man-hour in the production of motor-vehicle parts increased from 66.8 percent in 1967 to 79.3 percent in 1972.

Apparently, while labor productivity increased in both countries from 1967 to 1972 it increased more rapidly in the United States than in Canada in the assembly of motor-vehicles, and the opposite (more rapidly in Canada than in the United States) in the production of motor-vehicle parts. For the assembly of motor-vehicles, the 1967-72 average annual increase in labor productivity for the United States and Canada was 7.2 and 1.7 percent, respectively; for parts and accessories it was 6.7 percent for the United States and 9.3 percent for Canada. Canadian production of parts underwent a transition from small producing units supplying a diverse line of products into larger consolidated and more specialized units which produced not only for the Canadian market but especially for export to the United States. For example, in 1965 only 20 percent of Canadian shipments of automotive parts were exported to the United States while by 1973 over 94 percent of such shipments were exported to the United States.

^{1/} See table 123 of this report. If the exchange rate in 1972 had remained at the 1967 level Canadian value added per man-hour as a percent of United States would have been lower than indicated for both motor vehicles and for parts and accessories. For motor vehicles it would have been 60.6 percent and for parts and accessories 74.2 percent of the U.S. levels in 1972.

PROFIT-AND-LOSS EXPERIENCE OF UNITED STATES
AND CANADIAN MOTOR-VEHICLE PRODUCERS

Profit-and-Loss Experience of United States
Motor-Vehicle Producers

Total company consolidated net sales for the five largest U.S. producers of motor vehicles include net sales of non-motor vehicle products. Such sales accounted for about 7 percent of General Motors' total net sales for each of the years 1973 and 1974; about 9 percent for Ford in each of the years 1973 and 1974; 3 percent or less for American Motors in each of the years 1973 and 1974; and about half of International's total net sales in 1973 and 1974. The remainder of International's sales in those years consisted of sales of agricultural, construction, and industrial equipment. Non-motor vehicle sales for Chrysler are not available from public sources.

Total company net sales, including net sales of Canadian and other foreign manufacturing subsidiaries, for the five largest U.S. producers 1/ of motor vehicles, increased \$47.8 billion or 189 percent during the period 1960-74. Total net sales increased yearly during this period except for moderate slumps in each of the years 1961, 1967, 1970, and 1974 and ranged from \$22.7 billion in 1961 to \$76.5 billion in 1973. 2/

The U.S. motor-vehicle producers operated very profitably during the period 1960-66 when net profits after income taxes averaged 7

1/ American Motors Corporation, Chrysler Corporation, Ford Motor Company, General Motors Corporation, and International Harvester Corporation.

2/ See table 124 of this report.

percent of net sales and ranged from 6 percent of net sales in 1960 to 7.8 percent of net sales in 1965. On the other hand, net profits after income taxes averaged 4.3 percent of net sales during the period 1967-74 and ranged from 5.8 percent of net sales in 1968 down to 1.9 percent of net sales in 1974. In absolute dollars, net profits after income taxes for the five producers ranged from a low of \$1.4 billion in 1961 to a high of \$3.2 billion in 1965 during the period 1960-66 and from a low of \$1.1 billion in 1970 to a high of \$3.8 billion in 1973 during the period 1967-74.

Total assets for the five producers increased yearly from \$14.7 billion in 1960 to \$45.6 billion in 1974--an increase of 208 percent--during the period 1960-74. Shareholders' equity increased every year except 1970 and 1974 during this period and ranged from \$10.6 billion in 1960 to \$23.3 billion in 1973. Net profit after income taxes as a ratio of shareholders' equity ranged from 20.2 percent in 1965 down to 5.9 percent in 1970 while net profit after income taxes as a ratio of total assets ranged from 13.1 percent in 1968 down to 3.1 percent in 1974. The bulk of the increase in shareholders' equity resulted from an increase in retained earnings during the period 1960-74 rather than from the issuance of additional capital stock.

Generally, the U.S. motor-vehicle industry financed its expansion programs from profits and borrowed funds during the period 1960-74. Long term liabilities--including deferred credits and reserves--increased yearly from \$1.5 billion in 1960 to \$6.6 billion in 1974 while net investment in property, plant, and equipment--including special tools--increased from \$5.6 billion in 1960 to \$15.7 billion in 1974.

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Profit-and-Loss Experience of Canadian
Motor-Vehicle Producers

Public profit-and-loss and financial data are available for only two Canadian motor-vehicle producers--Ford Motor Company of Canada Limited and International Harvester Canada--for the accounting period 1960-69. Profit-and-loss and financial data for accounting years 1970-74 include data of Chrysler Canada Limited and General Motors of Canada as well as the two previously mentioned producers.

Total company net sales for the two Canadian motor-vehicle producers increased yearly from \$700 million to \$2.3 billion during the period 1960-69. ^{1/} Combined, the two producers operated profitably in each of the years 1960-69 with net profits after income taxes ranging from \$15 million in 1961 to \$76.2 million in 1969. Profit margins, as a ratio of net sales, ranged from 5 percent in 1962 down to 1.6 percent in 1964.

Total company net sales for the four Canadian motor-vehicle producers doubled during the period 1970-74--increasing yearly from \$5.2 billion in 1970 to \$10.4 billion in 1974. Net profits after income taxes, following the same trend as net sales, increased from \$73.1 million in 1970 to \$302.6 million in 1974. As a share of net sales, profit margins ranged from 1.4 percent in 1970 to 3.4 percent in each of the years 1972 and 1973.

Profit margins as a ratio of shareholders' equity and total assets were much stronger than profit margins as a ratio of net sales

^{1/} See table 125 of this report.

during the period 1970-74. Profit margins as a ratio of shareholders' equity ranged from 6.6 percent in 1970 to 19.3 percent in 1973 while profit margins as a ratio of total assets ranged from 3.4 percent in 1970 to 10.2 percent in 1973.

Combined profit margins, as a share of net sales, were smaller for the four Canadian producers than that of their U.S. parent companies during the period 1970-74. However, the profit margins as a percent of shareholders' equity were substantially higher for the Canadian producers than for the United States parent firms from 1970 to 1975. Sales data for the four Canadian producers includes transfers of automotive products to their United States parent companies at profit margins smaller than those sold through normal distribution channels. On the other hand, profit-and-loss data previously presented for the five U.S. producers are exclusive of intracompany transfers (eliminated in consolidation).

Shareholders' equity for the four Canadian producers increased from \$1.1 billion to \$1.6 billion during the period 1970-74 and total assets from \$2.2 billion to \$3.5 billion. Net property, plant, and equipment--including special tools--increased from \$809.9 million to \$945.5 million during this period.

Profit-and-Loss Experience of General Motors Corporation

General Motors Corporation (U.S.)

Total net sales for General Motors increased in each of the years except 1961, 1966, 1967, 1970, and 1974 during the period 1960-74. During this period net sales increased from \$12.7 billion

to \$31.5 billion--representing an increase of \$18.8 billion or 148 percent--and ranged from a low of \$11.5 billion in 1961 to a high of \$35.8 billion in 1973. 1/ General Motors was the most profitable of the five companies during the period 1960-74. Profit margins, as a ratio of net sales, were 3.2 percent and 3 percent, respectively, in 1970 and 1974. However, in all other years profit margins were 6.7 percent (1973) or better and they were 10 percent or better in each of the years 1962, 1964, and 1965.

Profit margins as a ratio of shareholders' equity and total assets were also excellent in each of the years except 1970 and 1974 during the period 1960-74.

General Motors of Canada

Total company net sales for General Motors increased from \$1.4 billion in 1970 to \$3.6 billion in 1974. 2/ General Motors sustained a net loss of \$26.2 million in 1970, but made profits ranging from \$79.8 million (1971) to \$113.9 million (1973) in all of the other years during the period 1970-74. Net profits as a share of net sales averaged 3.4 percent during 1971-74--giving General Motors an average return of 23.4 percent on shareholders' equity and an average return of 11.3 percent of total assets during this period. Although net profits as a share of net sales were lower for General Motors of Canada than for the parent company in recent years, the profit margin as a percent of shareholders' equity was much higher in Canada than in the United States.

1/ See table 126 of this report.

2/ See table 127 of this report.

Shareholders' equity increased from \$331.7 million in 1970 to \$469.7 million in 1974. The bulk of the increase resulted from retention of earnings after paying dividends--ranging from \$64.70 (1970 and 1971) to \$113.50 (1974) per share--in each of the years 1970-74. Total assets increased from \$723.4 million in 1970 to \$1.1 billion in 1974.

Profit-and-Loss Experience of Ford Motor Company

Ford Motor Company (U.S.)

Total net sales for Ford increased in each year except 1961 and 1967 during the period 1960-74, ranging from \$6.8 billion in 1960 to \$23.6 billion in 1974, an increase of \$16.8 billion or 247 percent. 1/ Ford operated profitably in each of the years during the period 1960-74. However, with the exception of the years 1960, 1961, and 1970, profit margins on net sales were below the industry average. Profit margins were rather stable during the period 1960-66 when they ranged from 6.3 percent of net sales in 1960 down to 5.1 percent in 1966. Profit margins declined, however, during the period 1967-74--ranging from 0.8 percent of net sales in 1967 to 4.5 percent of net sales in 1968.

Ford Motor Company of Canada Limited

Total company net sales for Ford--including sales of its overseas manufacturing subsidiaries--increased from \$534.7 million in 1960 to \$2.4 billion in 1969. 2/ Intercorpany net sales to Ford U.S. increased from \$42.2 million in 1965 to \$1.1 billion in 1969. For

1/ See table 128 of this report.

2/ See table 129 of this report.

the period 1970-74, total company net sales increased from \$2.4 billion to \$4.3 billion while intercompany net sales to Ford U.S. increased from \$1 billion to \$1.5 billion. Intercompany sales to Ford U.S. accounted for about 40 percent of Ford of Canada's total net sales during the period 1970-74.

Ford operated profitably in each of the years 1960-74. Net profits after income taxes ranged from \$7.4 million in 1964 to \$72.3 million in 1969 during the period 1960-69 and from \$69.4 million in 1970 to \$154.3 million in 1974 for the period 1970-74. Profit margins, as a share of net sales, averaged 2.4 percent during the period 1960-69 and 3.4 percent during the period 1970-74.

Net profit margins as a ratio of shareholders' equity ranged from 14.7 percent in 1971 to 19.8 percent in 1974 during the period 1970-74 while net profit margins as a ratio of total assets ranged from 7.7 percent in 1971 to 10.6 percent in 1974.

Shareholders' equity increased from \$237.2 million in 1960 to \$777.5 million in 1974 while total assets increased from \$333.3 million to \$1.5 billion. Although Ford's net profits as a share of net sales were generally lower in Canada than in the United States during the period 1970-73, that ratio was higher in Canada than in the United States in 1974 and Ford's net profit as a share of the shareholders' equity was substantially higher in Canada than in the United States throughout the period 1970-74.

Profit-and-Loss Experience of Chrysler Corporation

Chrysler Corporation (U.S.)

Chrysler Corporation posted increases in net sales in all years except 1961, 1969, 1970, and 1974 during the period 1960-74. Total net sales ranged from \$3 billion in 1960 to \$11.8 billion in 1973. 1/ The company sustained losses of \$8 million and \$52 million, respectively, in 1970 and 1974. In all other years, its profit margins as a percent of sales, were below the industry average--ranging from 0.5 percent in 1961 to 5 percent in 1964.

Chrysler Canada Limited

Total company net sales for Chrysler increased yearly from \$1.2 billion in 1970 to \$1.9 billion in 1974. 2/ Net profit after income taxes ranged from \$41.5 million in 1972 down to \$18.6 million in 1974. Net profits as a share of net sales averaged 2.3 percent during 1970-73 and amounted to 1 percent in 1974. The average return of 2.3 percent on net sales gave Chrysler an average return of 14.0 percent on shareholders' equity and an 8 percent return on total assets during the period 1970-75. During most of the years since 1970, Chrysler's Canadian operations have been more profitable than its United States operations, both in its ratio of net profit to net sales and in its ratio of net profit to shareholders' equity.

1/ See table 130 of this report.

2/ See table 131 of this report.

Profit-and-Loss Experience of American Motors Corporation**American Motors Corporation (U.S.)**

Total net sales for American Motors Corporation averaged about \$1 billion during the period 1960-66 and about \$716 million during the period 1967-69 before increasing each year thereafter to \$2 billion in 1974. ^{1/} American Motors Corporation sustained net losses in each of the years 1966 (\$12.6 million), 1967 (\$75.8 million), and 1970 (\$56.2 million) and its net profit in all other years, as a percent of net sales, was below the industry average--ranging from 0.5 percent in 1965 to 4.9 percent in 1973.

American Motors (Canada) Limited

Profit-and-loss and financial data for American Motors (Canada) Limited are not publically available.

^{1/} See table I32 of this report.

Profit-and-Loss Experience of International Harvester Company

International Harvester Company (U.S.)

Total net sales for International Harvester increased yearly from \$1.7 billion to \$5 billion during the period 1960-74. 1/ The company operated profitably in each of the years during the period 1960-74. The net profit after income taxes ranged from a low of \$48.4 million in 1961 to a high of \$124.1 million in 1974. Profit margins, as a ratio of net sales, ranged from 3 percent to 4.5 percent during the period 1960-68. Profit margins were smaller during the period 1969-74, ranging from 1.5 percent in 1971 to 2.7 percent in 1973.

International Harvester Canada

Total company net sales for International Harvester ranged from \$143.4 million in 1961 to \$263.5 million in 1969 during the period 1960-69. 2/ For the period 1970-74, net sales ranged from \$252.2 million in 1970 to \$550 million in 1974. Net sales of products to the United States ranged from \$17.1 million to \$25 million during the period 1960-65, from \$42.6 million to \$74.5 million during the period 1966-69, and from \$88.7 million to \$145.2 million during the period 1970-74.

International Harvester operated profitably in each of the years 1960-74. Profit margins, as a share of net sales, averaged 4.2 percent during the period 1960-67, 2 percent during the period 1968-71, and 4.6 percent during the period 1972-74. Profit returns on shareholders'

1/ See table 133 of this report.

2/ See table 134 of this report.

equity and total assets were reasonably good in all years except for the period 1968-71. International Harvester's Canadian operations were more profitable than its United States operations in each of the years since 1971, both in terms of the ratio of net profits to net sales and the ratio of net profits to shareholders' equity.

SNOWMOBILES AND OTHER OFF-HIGHWAY VEHICLES

As a result of the wording of annexes A and B which detail Canadian and United States obligations under the United States-Canadian automotive agreement, snowmobiles and several other types of motor vehicles were not given equivalent duty-free treatment in bilateral trade between the United States and Canada. Annex A to the agreement specifically excludes from Canadian obligations the duty-free treatment of specified types of vehicles such as amphibious vehicles, tracked or half-tracked vehicles, golf or invalid carts, straddle carriers, and motor vehicles designed primarily for off-highway use. Annex B to the agreement provides that the United States will grant duty-free entry to a wide range of articles including "Motor vehicles for the transport of persons or articles as provided for under items 692.05 (currently items 692.02 and 692.04) and 692.10 of the Tariff Schedules of the United States, and chassis therefore, but not including electric trolley buses, three-wheeled vehicles, or trailers accompanying truck tractors, or chassis therefor.

The Canadian Motor Vehicles Tariff Order 1965, effective January 18, 1965, which implemented the Canadian side of the agreement, excluded from duty-free treatment the same types of articles excluded from Canada's obligations under annex A, including amphibious vehicles, tracked or half-tracked vehicles, golf or invalid carts, straddle carriers, and motor vehicles designed primarily for off-highway use.

Section 405 of the proposed United States implementing legislation (H.R. 6960 and H.R. 9042) provided for product coverage for duty-free entry into the United States identical to that provided for in annex B of the agreement. In addition to providing duty-free treatment for a wide range of other vehicles, section 405 of the proposed legislation provided, under TSUS item 962.11, for duty-free treatment of all articles covered by TSUS item 692.10 "If Canadian article, but not including any three-wheeled vehicles. . .".

In its report to the Committee on Ways and Means, which was also transmitted to the Committee on Finance, the United States Tariff Commission pointed out that although the products described in annex B of the agreement were approximately the same as the products described in annex A, "U.S. obligations under annex B are somewhat broader in that, unlike the obligations of the Canadian government, they would include certain amphibious vehicles, half-and full-tracked vehicles and other nonwheeled vehicles such as snowmobiles." These vehicles are, along with a variety of other vehicles and passenger automobiles, covered under TSUS item 962.10.

When passed, the Automotive Products Trade Act of 1965, provided that, among other vehicles, snowmobiles, amphibious vehicles, half-and full-tracked vehicles and certain other nonwheeled vehicles covered by TSUS item 692.10 be given duty-free treatment under TSUS item 692.11, if Canadian articles. The duty-free treatment was retroactive to January 18, 1965. Vehicles equipped or designed to perform special

services or functions were not covered by TSUS item 692.10 and were not given duty-free treatment by the United States.

Canadian snowmobiles, amphibious vehicles, half-and full-tracked vehicles, and certain other nonwheeled vehicles were duty-free when imported into the United States, effective January 18, 1965, but such United States-made vehicles exported to Canada continued to be subject to Canada's 17.5 percent most-favored-nation duty. Of the vehicles receiving such unequal treatment by the United States and Canada, snowmobiles were, by far, the most significant in terms of United States-Canadian trade. In 1966, United States imports of snowmobiles from Canada were valued at an estimated \$20 million and United States exports to Canada were valued at an estimated \$45,000.

After 2 years of negotiation between the United States and Canada, during which the United States pressed Canada to permit duty-free entry to United States-made snowmobiles, notes were exchanged in Washington on January 20, 1967, as a result of which Canada undertook to provide reciprocal duty-free entry for snowmobiles and original-equipment parts retroactive to November 1, 1966. Other vehicles mentioned in this section of this report, however, continued to be dutiable at Canada's most-favored-nation rate of duty (now 15 percent ad valorem) while they continued to receive duty-free treatment when imported into the United States from Canada.

Since, at the time of the exchange of notes in 1967, the value of Canadian exports of snowmobiles to the United States was some 40 times

greater than the value of Canadian imports of snowmobiles from the United States, since only a small fraction of Canadian annual output of snowmobiles was produced by firms owned by United States interests and since Canada accounted for 75 percent of United States-Canadian production of snowmobiles while only accounting for 25 percent of United States-Canadian consumption, Canada did not impose special requirements for the duty-free importation of snowmobiles into Canada.

Virtually all United States production of snowmobiles occurs in Minnesota and Wisconsin. Michigan, Iowa, Ohio, Connecticut and Maine are the only other producing states, but they account for a very small proportion of total production. Currently, there are about 11 United States producers, two of which dominate United States output and 9 of which account for virtually all United States production. From an industry having only a few United States producers in 1965, the number of producers grew to an estimated 170 firms by the late 1960's and declined to fewer than 14 firms in 1974 and to 11 firms in 1975.

In Canada, one company (Bombardier, Ltd.) has dominated snowmobile production since the early 1960's, many additional firms came into production during the late 1960's, and many have dropped out since the early 1970's; about 3-4 producers now account for virtually all Canadian output. The United States and Canadian snowmobile producers differ from passenger-automobile, truck and bus producers in that virtually no production of snowmobiles in the United States or in

Canada is accounted for by firms producing snowmobiles on both sides of the United States-Canadian border. One United States firm, Outboard Marine Corp., that produces an unrelated line of merchandise in the United States, produces snowmobiles at its Canadian plant. Another United States producer, HVP, Inc., manufactures a line of snowmobiles for a Canadian firm, Massey Ferguson, that does not produce snowmobiles in Canada. Other than dealerships in the other country, the three largest United States-Canadian producers, Bombardier, Ltd. (Ski-Doo line -- Canada), Arctic Enterprises, Ltd, (Arctic Cat line -- United States) and Textron, Inc. (Polaris line -- United States) do not have cross-border affiliations. These three producers probably account for well over half of United States-Canadian production.

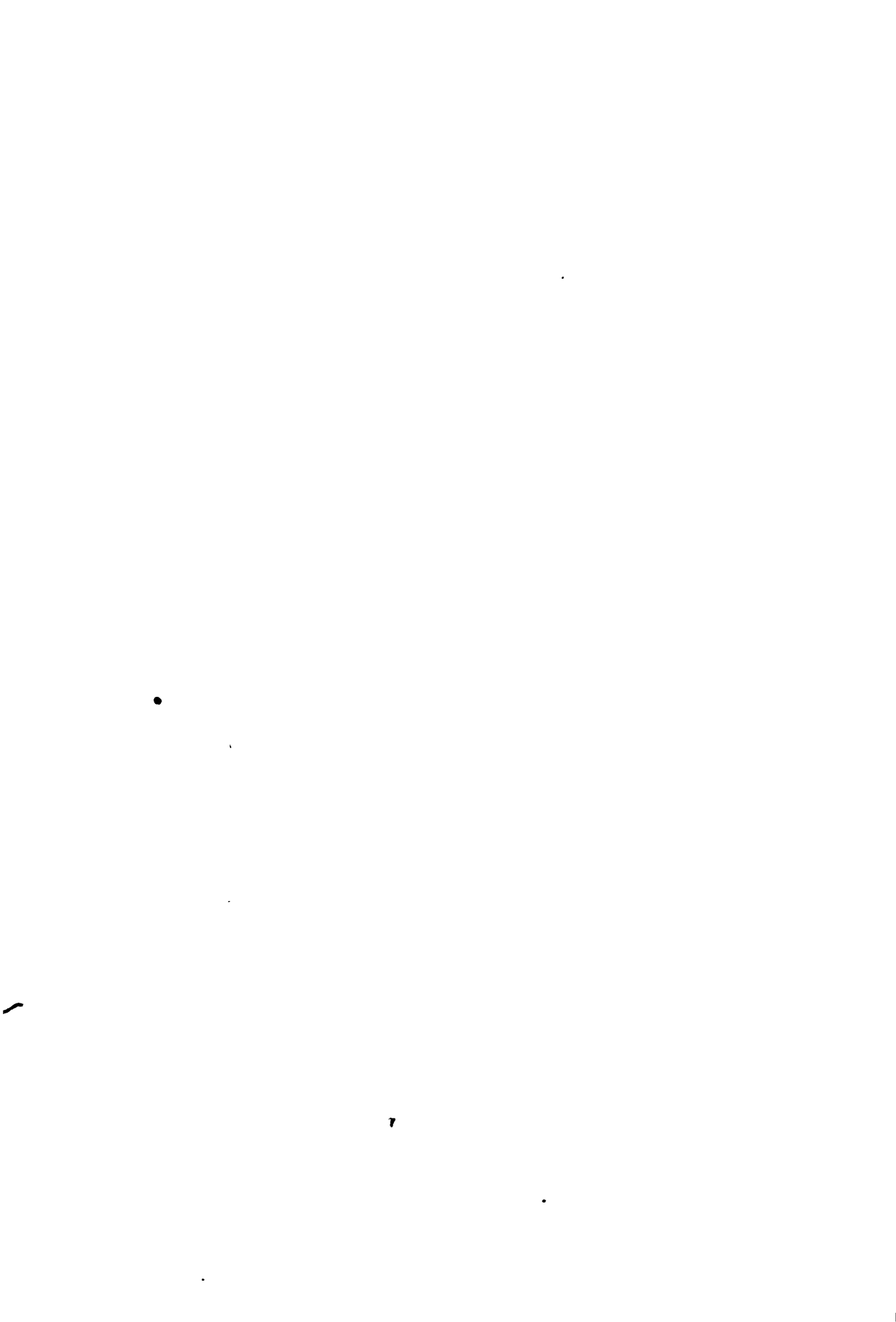
The demand factors that have affected United States and Canadian consumption of snowmobiles recently have been poor snow cover in the United States for several consecutive years, the availability and price of fuel (snowmobiles obtain 10-24 miles per gallon of gasoline), the recession and its impact on potential purchasers of snowmobiles (snowmobiles retail for over \$1,000 each), and restriction imposed by states, communities and private landowners on snowmobile use. These combined factors have reduced United States consumption to a much greater extent than they have reduced Canadian consumption. In the 1960's, over three quarters of the increasing United States-Canadian market for snowmobiles was in the United States, whereas by 1975 less than half of the declining United States-Canadian market was in the United States.

United States factory sales of snowmobiles increased from 5,000 units prior to 1965 to 185,000 units in 1968, declined to 145,000 units in 1969, and increased to 230,000 units in 1972, the record year for United States production. After 1972, United States factory sales declined annually to 156,000 units in 1973 and 92,000 units in 1974. Canadian factory sales of snowmobiles increased annually from 40,000 units in 1964 to 400,000 units in 1970, Canada's record year, and declined annually thereafter to 89,000 units in 1974. Canada accounted for nearly 90 percent of United States-Canadian factory sales in 1964, but its share declined to just half of United States-Canadian factory sales in 1968. A leveling off of United States growth as compared with Canada's resulted in an increase in the Canadian share of total United States-Canadian factory sales to 70 percent in 1970. After 1970, Canadian production fell more rapidly than United States production with the result that in 1973 and 1974, Canada accounted for less than 50 percent of United States-Canadian factory sales of snowmobiles.

United States imports for consumption of snowmobiles from Canada increased from 7,000 units having a customs value of \$3 million in 1964 to 235,000 units having a customs value of \$140 million in 1970. United States imports declined to 38,000 units having a customs value of \$35,000 in 1974. Canada has been the major supplier of United States imports of snowmobiles since 1964, and the annual ratio of imports from Canada to apparent United States consumption of snowmobiles ranged from 36 to 63 percent during the period 1964-74.

Canada has been the recipient of virtually all United States exports of snowmobiles since 1964. Such exports to Canada increased annually from less than 100 units valued at less than \$50,000 a year prior to 1967 to 48,000 units valued at \$33 million in 1972. In 1974, in the declining market situation of the mid 1970's, United States exports to Canada amounted to 39,000 units valued at \$33 million.

Snowmobiles accounted for a substantial portion of the United States trade deficit with Canada during the period 1968-72. According to official United States import statistics and official United States export statistics published by the Bureau of the Census, the United States has had a trade deficit with Canada in completed snowmobiles each year since 1964. That deficit increased from a value of \$2.8 million in 1964 to \$58 million in 1968, and amounted to \$106 million in 1969, \$129 million in 1970, \$102 million in 1971, and \$71 million in 1972. In 1974, as United States exports to the relatively strong Canadian market remained relatively large and Canadian exports to the weak United States market declined rather abruptly, the United States deficit in snowmobile trade with Canada amounted to only \$2.4 million.



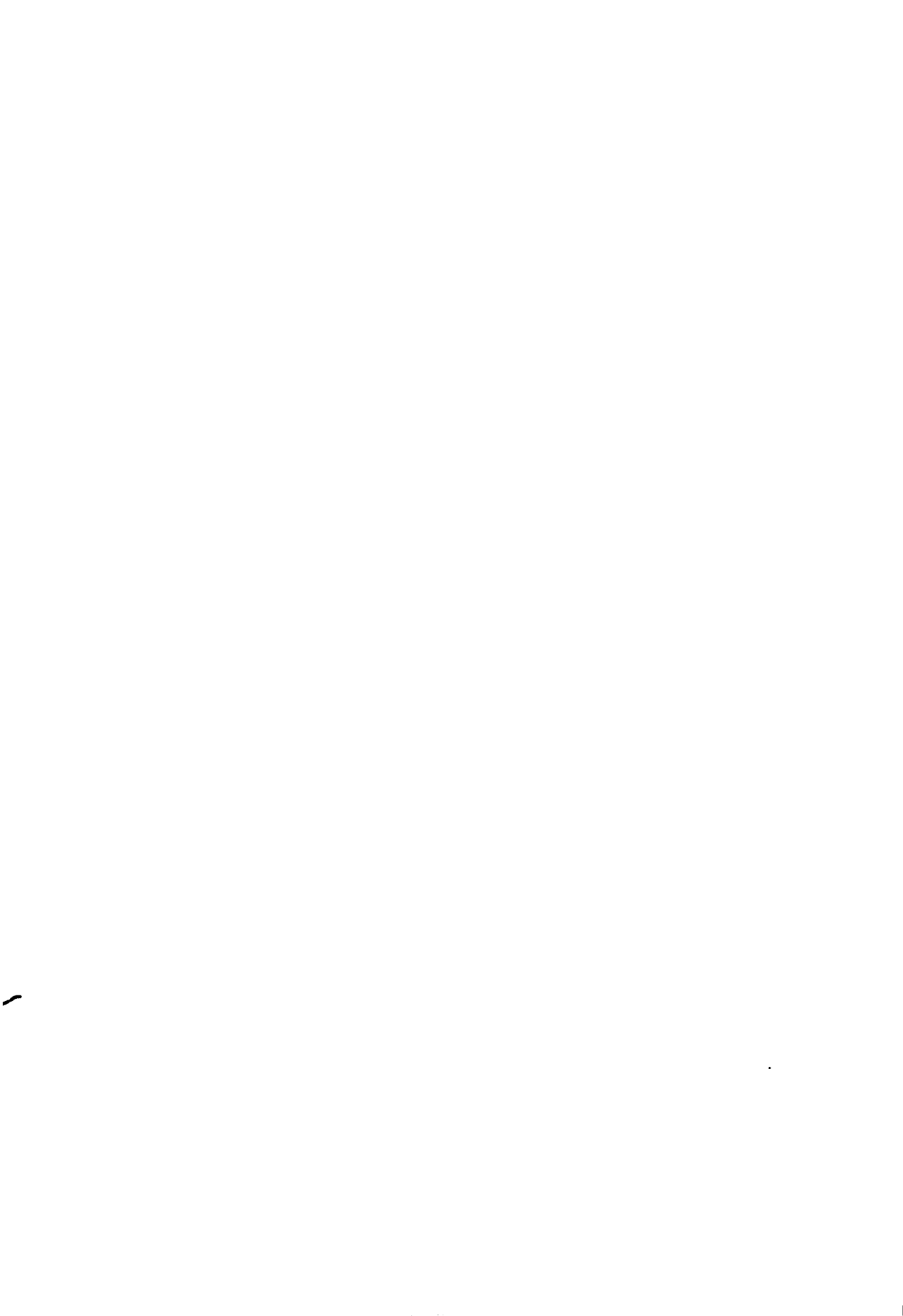
UNITED STATES INTERNATIONAL TRADE COMMISSION

**THE UNITED STATES-CANADIAN AUTOMOTIVE AGREEMENT:
ITS HISTORY, TERMS, AND IMPACT**

**Report to the Committee on Finance of the
United States Senate on Investigation No. 332-76
Under Section 332 of the Tariff Act of 1930**

**Volume II of II
Appendices**

**Washington, D. C.
January 1976**



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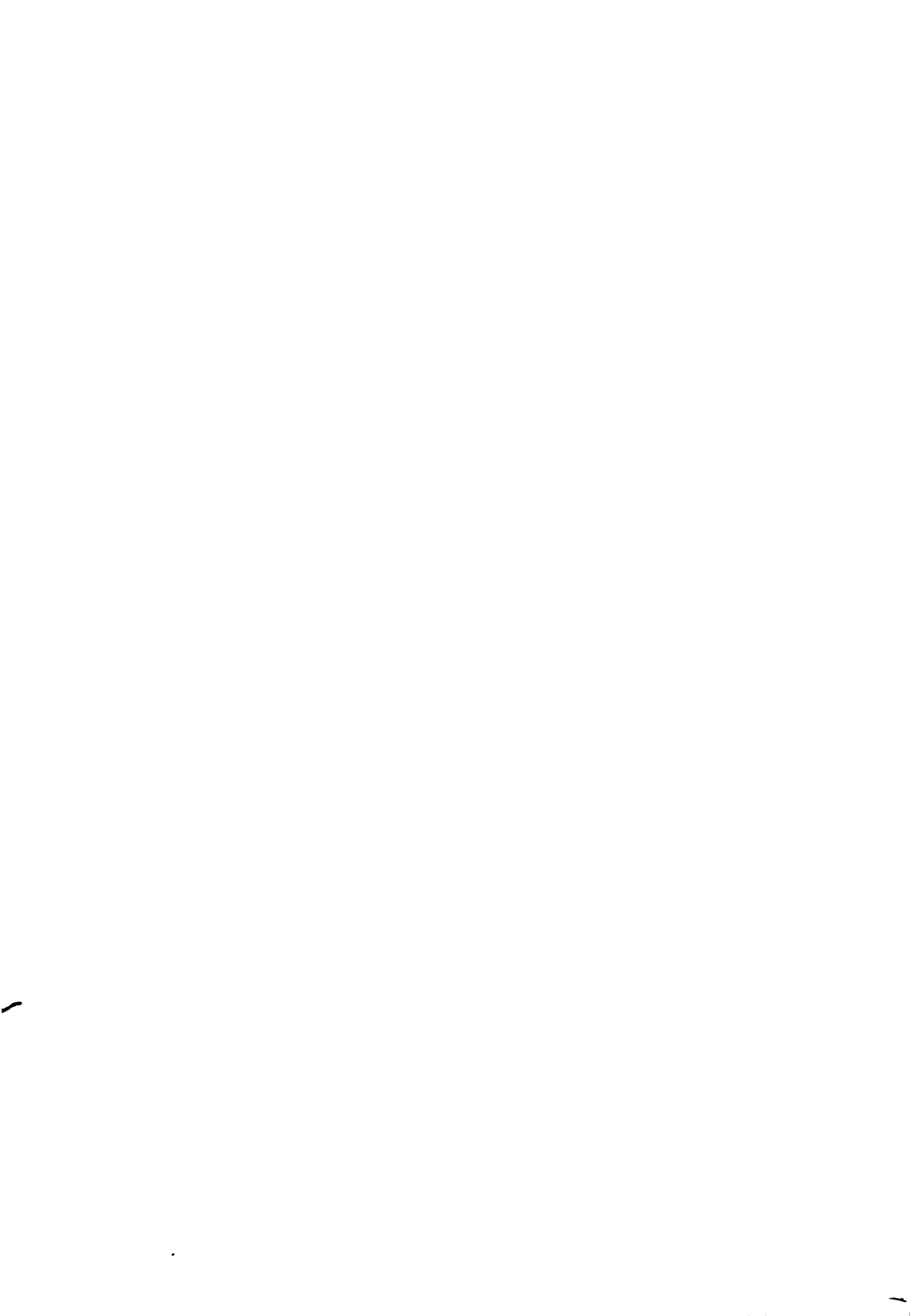
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APPENDIX A
STATISTICAL TABLES

7



Table 1.--New passenger automobiles: U.S. consumption, Canadian consumption, and total U.S.-Canadian consumption, 1960-74, January-June 1974, and January-June 1975

Year	United States	Canada	Total	Canada as a percent of the total
	1,000 units	1,000 units	1,000 units	Percent
1960-----	6,577	448	7,025	6.4
1961-----	5,855	437	6,292	6.9
1962-----	6,939	502	7,441	6.7
1963-----	7,557	542	8,099	6.7
1964-----	8,068	607	8,675	7.0
1965-----	9,315	685	10,000	6.8
1966-----	9,009	684	9,693	7.1
1967-----	8,357	667	9,024	7.4
1968-----	9,404	738	10,142	7.3
1969-----	9,447	756	10,203	7.4
1970-----	8,385	636	9,021	7.1
1971-----	9,729	745	10,474	7.1
1972-----	10,487	813	11,200	7.3
1973-----	11,351	935	12,286	7.6
1974-----	8,701	872	9,573	9.1
1974:				
January-June-----	4,649	389	5,038	7.7
1975:				
January-June-----	4,101	340	4,441	7.7

Source: Compiled from automotive registration and retail sales data published in Automotive News, Ward's Automotive Reports, Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada), and by individual manufacturers.

Table 2.--New passenger automobiles: U.S. consumption of U.S.-Canadian-type vehicles, U.S. consumption of Non-U.S.-Canadian-type vehicles, total U.S. consumption of passenger automobiles, and the ratio of Non-U.S.-Canadian-type vehicle consumption to the total, 1960-74, January-June 1974, and January-June 1975

Year	U.S. - Canadian type	Non-U.S. - Canadian type	Total	Non-U.S. - Canadian type as a percent of the total
	1,000 units	1,000 units	1,000 units	Percent
1960-----	6,076	501	6,577	7.6
1961-----	5,475	380	5,855	6.5
1962-----	6,600	339	6,939	4.9
1963-----	7,171	386	7,557	5.1
1964-----	7,584	484	8,068	6.0
1965-----	8,746	569	9,315	6.1
1966-----	8,351	658	9,009	7.3
1967-----	7,578	779	8,357	9.3
1968-----	8,418	986	9,404	10.5
1969-----	8,385	1,062	9,447	11.2
1970-----	7,154	1,231	8,385	14.7
1971-----	8,263	1,466	9,729	15.1
1972-----	8,958	1,529	10,487	14.6
1973-----	9,631	1,720	11,351	15.2
1974-----	7,332	1,369	8,701	15.7
1974:				
Jan.-June----	3,946	703	4,649	15.1
1975:				
Jan.-June----	3,268	833	4,101	20.3

Source: Compiled from data published by Automotive News, and Ward's Automotive Reports, and from material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 3.--New passenger automobiles: Canadian consumption of U.S.-Canadian-type vehicles, Canadian consumption of Non-U.S.-Canadian-type vehicles, total Canadian consumption of passenger automobiles, and the ratio of Non-U.S.-Canadian-type vehicle consumption to the total, 1960-74, January-June 1974, and January-June 1975

Year	U. S. - Canadian type	Non-U. S. - Canadian type			Total	Non-U. S. - Canadian type as a percent of the total		
	<u>1,000</u> <u>units</u>	Assembled in Canada	Other	Total		Assembled in Canada	Other	Total
		<u>1,000</u> <u>units</u>	<u>1,000</u> <u>units</u>	<u>1,000</u> <u>units</u>		<u>1,000</u> <u>units</u>	Percent	Percent
1960-----	322	-	126	126	448	-	28.1	28.1
1961-----	336	-	101	101	437	-	23.1	23.1
1962-----	427	-	75	75	502	-	14.9	14.9
1963-----	488	1	53	54	542	0.2	9.8	10.0
1964-----	539	2	66	68	607	0.3	10.9	11.2
1965-----	609	3	73	76	685	0.4	10.7	11.1
1966-----	609	4	71	75	684	0.6	10.4	11.0
1967-----	585	4	78	82	667	0.6	11.7	12.3
1968-----	622	6	110	116	738	0.8	14.9	15.7
1969-----	616	16	124	140	756	2.1	16.4	18.5
1970-----	478	18	140	158	636	2.8	22.0	24.8
1971-----	546	20	179	199	745	2.7	24.0	26.7
1972-----	598	17	198	215	813	2.1	24.3	26.4
1973-----	740	10	185	195	935	1.1	19.8	20.9
1974-----	731	10	131	141	872	1.1	15.1	16.2
1974:								
Jan.-June----	326	8	55	63	389	2.1	14.1	16.2
1975:								
Jan.-June----	289	9	42	51	340	2.6	12.4	15.0

Source: Compiled from automotive registration, retail sales, and production data published in Automotive News, Ward's Automotive Reports, Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

Table 4.--All passenger automobiles: Total registrations in the United States, total registrations in Canada, and total registrations in the United States and Canada, 1960-74

Year	United States	Canada	Total	Canada as a percent of the total
	1,000 units	1,000 units	1,000 units	Percent
1960-----	61,559	4,104	65,663	6.3
1961-----	63,260	4,326	67,586	6.4
1962-----	66,076	4,531	70,607	6.4
1963-----	69,027	4,789	73,816	6.5
1964-----	71,985	5,038	77,023	6.5
1965-----	75,400	5,279	80,679	6.5
1966-----	78,354	5,481	83,835	6.5
1967-----	80,414	5,866	86,280	6.8
1968-----	83,693	6,160	89,853	6.9
1969-----	86,861	6,433	93,294	6.9
1970-----	89,280	6,602	95,882	6.9
1971-----	92,799	6,967	99,766	7.0
1972-----	96,860	7,407	104,267	7.1
1973-----	101,762	7,866	109,628	7.2
1974-----	105,287	8,250	113,537	7.3

Source: Compiled from data published in Automotive News, Ward's Automotive Reports, and Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

Table 5.--Population: United States, Canada, total U.S.-Canadian, and ratio of Canadian population to total population, 1960-75

Year	United States	Canada	Total	Canada as a percent of the total
	: 1,000 persons:	: 1,000 persons:	: 1,000 persons:	: Percent
1960-----	180,007	17,852	197,859	9.0
1961-----	183,043	18,238	201,281	9.1
1962-----	185,979	18,600	204,579	9.1
1963-----	188,741	18,896	207,637	9.1
1964-----	191,463	19,102	210,565	9.1
1965-----	194,032	19,571	213,603	9.2
1966-----	196,337	20,015	216,352	9.3
1967-----	198,608	20,334	218,942	9.3
1968-----	200,118	20,700	220,818	9.4
1969-----	202,084	21,007	223,091	9.4
1970-----	204,766	21,324	226,090	9.4
1971-----	206,511	21,568	228,079	9.5
1972-----	208,441	21,787	230,228	9.5
1973-----	210,034	22,095	232,129	9.5
1974-----	211,523	22,384	233,907	9.6
1975-----	213,135	22,737	235,872	9.6

Source: Compiled from material published in The World Almanac and Book of Facts, The Statesman's Yearbook, Whitakers Almanac, and from material supplied to the United States International Trade Commission by the Canadian Embassy in Washington, D.C.

Table 6.--Population per each new passenger automobile sold/registered:
United States, Canada, and total, 1960-74, January-June 1974, and
January-June 1975

(Numbers of persons per new car sold)			
Year	United States	Canada	Total
1960-----	27.4	39.8	28.2
1961-----	31.3	41.7	32.0
1962-----	26.8	37.1	27.5
1963-----	25.0	34.9	25.6
1964-----	23.7	31.7	24.3
1965-----	20.8	28.6	21.4
1966-----	21.8	29.3	22.3
1967-----	23.8	30.5	24.3
1968-----	21.3	28.0	21.8
1969-----	21.4	27.8	21.9
1970-----	24.4	33.5	25.1
1971-----	21.2	29.0	21.8
1972-----	19.9	26.8	20.6
1973-----	18.5	23.6	18.9
1974-----	24.3	25.7	24.4
1974:			
January-June-----	45.5 (24.3)	57.5 (25.7)	46.4 (24.4)
1975:			
January-June-----	52.0 (27.8)	66.9 (29.9)	53.1 (27.9)

Source: Compiled from data presented in tables 1 and 5 of this report.

Note.--The data shown in parentheses are projections for the full years 1974 and 1975, based on data for January-June 1974 and January-June 1975.

Table 7.--Population per each passenger automobile registered:
United States, Canada, and total, 1960-74

(Number of persons per car registered)

Year	United States	Canada	Total
1960	2.92	4.35	3.01
1961	2.89	4.22	2.98
1962	2.81	4.11	2.89
1963	2.73	3.95	2.81
1964	2.66	3.79	2.73
1965	2.57	3.71	2.65
1966	2.51	3.65	2.58
1967	2.47	3.47	2.54
1968	2.39	3.37	2.46
1969	2.33	3.27	2.39
1970	2.29	3.23	2.36
1971	2.23	3.10	2.29
1972	2.15	2.94	2.21
1973	2.06	2.81	2.12
1974	2.01	2.71	2.06

Source: Compiled from data presented in tables 4 and 5 of this report.

Table 8.--U.S.-Canadian-type passenger automobiles: U.S. consumption, by market segment, 1963-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	Passenger automobiles having wheelbases measuring--				Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more	
1963-----	21	1,527	4,073	1,750	7,171
1964-----	20	1,429	4,378	1,757	7,584
1965-----	26	1,527	5,187	2,006	8,746
1966-----	25	1,390	5,067	1,869	8,351
1967-----	24	1,417	4,393	1,744	7,578
1968-----	36	1,445	5,104	1,833	8,418
1969-----	31	1,574	3,559	3,221	8,385
1970-----	165	1,661	2,775	2,553	7,154
1971-----	746	1,498	2,115	3,904	8,263
1972-----	891	1,568	2,429	4,070	8,958
1973-----	1,095	1,968	2,745	3,823	9,631
1974-----	1,111	1,755	2,197	2,269	7,332
1974:					
January-June-----	648	975	1,165	1,158	3,946
1975:					
January-June-----	532	881	981	874	3,268

Source: Compiled from automotive registration and retail sales data published in Automotive News, Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers' Association (United States) and by individual manufacturers.

Table 9.--U.S.-Canadian-type passenger automobiles: Share of U.S. consumption, by market segment, 1963-74, January-June 1974, and January-June 1975

Year	(In percent)				Total
	Passenger automobiles having wheelbases measuring--				
	Less than 100 inches	100- 111.9 inches	112-119.9 inches	120 inches or more	
1963-----	0.3	18.5	56.8	24.4	100.0
1964-----	0.5	18.8	57.7	23.2	100.0
1965-----	0.5	17.5	59.3	22.9	100.0
1966-----	0.5	16.6	60.7	22.4	100.0
1967-----	0.3	18.7	58.0	23.0	100.0
1968-----	0.4	17.2	60.6	21.8	100.0
1969-----	0.4	18.8	42.4	38.4	100.0
1970-----	2.3	23.2	38.8	35.7	100.0
1971-----	9.0	18.1	25.6	47.3	100.0
1972-----	9.9	17.5	27.1	45.5	100.0
1973-----	11.4	20.4	28.5	39.7	100.0
1974-----	15.1	23.9	30.0	31.0	100.0
1974:					
January-June-----	16.4	24.7	29.6	29.3	100.0
1975:					
January-June-----	16.5	27.4	30.5	25.6	100.0

Source: Compiled from data presented in table 8 of this report.

Table 10.--U.S.-Canadian-type passenger automobiles: U.S. consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	2,871	1,749	921	422	5,963	113	6,076
1961-----	2,724	1,670	632	371	5,397	78	5,475
1962-----	3,599	1,825	667	423	6,514	86	6,600
1963-----	3,856	1,880	935	428	7,099	72	7,171
1964-----	3,959	2,097	1,114	379	7,549	35	7,584
1965-----	4,664	2,372	1,360	325	8,727	19	8,746
1966-----	4,335	2,349	1,387	266	8,337	14	8,351
1967-----	4,139	1,851	1,341	238	7,569	9	7,578
1968-----	4,395	2,228	1,528	259	8,410	8	8,418
1969-----	4,420	2,291	1,428	240	8,379	6	8,385
1970-----	3,333	2,216	1,347	254	7,150	4	7,154
1971-----	4,392	2,289	1,334	243	8,258	5	8,263
1972-----	4,636	2,549	1,466	302	8,953	5	8,958
1973-----	5,053	2,667	1,513	392	9,625	6	9,631
1974-----	3,646	2,172	1,180	329	7,327	5	7,332
1974:	:	:	:	:	:	:	:
January-June-----	1,901	1,159	682	202	3,944	2	3,946
1975:	:	:	:	:	:	:	:
January-June-----	1,720	893	489	164	3,266	2	3,268

Source: Compiled from automotive registration and retail sales data published in Automotive News, Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States), and by individual manufacturers.

Table 11.--U.S.-Canadian-type passenger automobiles: Share of U.S. consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	47.1	28.8	15.2	7.0	98.1	1.9	100.0
1961-----	49.9	30.5	11.5	6.7	98.6	1.4	100.0
1962-----	54.6	27.6	10.1	6.4	98.7	1.3	100.0
1963-----	53.8	26.2	13.0	6.0	99.0	1.0	100.0
1964-----	52.1	27.7	14.7	5.0	99.5	0.5	100.0
1965-----	53.4	27.1	15.6	3.7	99.8	0.2	100.0
1966-----	51.9	28.1	16.6	3.2	99.8	0.2	100.0
1967-----	54.7	24.4	17.7	3.1	99.9	0.1	100.0
1968-----	52.2	26.5	18.1	3.1	99.9	0.1	100.0
1969-----	52.7	27.3	17.0	2.9	99.9	0.1	100.0
1970-----	46.5	31.0	18.9	3.6	99.9	0.1	100.0
1971-----	53.2	27.7	16.1	2.9	99.9	0.1	100.0
1972-----	51.6	28.7	16.4	3.4	99.9	0.1	100.0
1973-----	52.4	27.7	15.7	4.1	99.9	0.1	100.0
1974-----	49.7	29.6	16.1	4.5	99.9	0.1	100.0
1974:	:	:	:	:	:	:	:
January-June-----	48.1	29.4	17.3	5.1	99.9	0.1	100.0
1975:	:	:	:	:	:	:	:
January-June-----	53.2	27.7	13.9	5.1	99.9	0.1	100.0
	:	:	:	:	:	:	:

Source: Compiled from data presented in table 10 of this report.

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Table 12 -- U.S.-Canadian-type passenger automobiles: Canadian consumption, by market segment, 1963-74, January-June 1974, and January-June 1975

(In thousands of units)						
Year	Passenger automobiles having wheelbases measuring--				Total	
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more		
1963-----	1/	75	229	184	488	
1964-----	1/	81	280	178	539	
1965-----	1/	82	318	209	609	
1966-----	1/	78	327	204	609	
1967-----	1/	104	307	174	585	
1968-----	1	103	349	169	622	
1969-----	1	116	246	253	616	
1970-----	10	116	177	175	478	
1971-----	40	120	142	244	546	
1972-----	47	144	164	243	598	
1973-----	95	181	193	271	740	
1974-----	103	193	217	218	731	
1974:						
January-June-----	51	84	93	98	326	
1975:						
January-June-----	29	73	95	92	289	

1/ Fewer than 500 vehicles.

Source: Compiled from automotive registration and retail sales data published in Automotive News, Ward's Automotive Reports, and Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers' Association (United States and Canada), and by individual manufacturers.

A-13

Table 13-- U.S.-Canadian-type passenger automobiles: Share of Canadian consumption, by market segment, 1963-74, January-June 1974, and January-June 1975

Year	(In percent)				Total
	Passenger automobiles having wheelbases measuring--				
	Less than 100 inches	100- 111.9 inches	112-119.9 inches	120 inches or more	
1963-----	1/	15.3	47.1	37.6	100.0
1964-----	1/	15.0	52.1	32.9	100.0
1965-----	0.1	13.4	52.1	34.4	100.0
1966-----	.1	12.8	53.6	33.5	100.0
1967-----	.1	17.7	52.4	29.8	100.0
1968-----	.2	16.5	56.1	27.2	100.0
1969-----	.2	18.8	40.0	41.0	100.0
1970-----	2.0	24.3	37.1	36.6	100.0
1971-----	7.3	22.0	26.0	44.7	100.0
1972-----	7.8	24.0	27.5	40.7	100.0
1973-----	12.9	24.4	26.5	36.5	100.0
1974-----	14.1	26.3	29.7	29.9	100.0
1974:					
January-June-----	15.6	25.9	28.6	29.9	100.0
1975:					
January-June-----	9.9	25.3	33.1	31.6	100.0

1/ Less than 0.05 percent.

Source: Compiled from data presented in table 12 of this report.

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Table 14--U.S.-Canadian-type passenger automobiles: Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	173	83	50	11	316	6	322
1961-----	172	98	47	12	329	7	336
1962-----	227	114	55	23	419	8	427
1963-----	246	128	80	27	481	7	488
1964-----	248	150	101	32	532	7	539
1965-----	290	164	118	31	603	6	609
1966-----	280	166	133	27	607	2	609
1967-----	265	156	140	24	585	<u>1/</u>	585
1968-----	270	183	147	22	622	<u>1/</u>	622
1969-----	286	175	137	19	616	<u>1/</u>	616
1970-----	192	146	123	18	478	<u>1/</u>	478
1971-----	240	161	129	15	546	<u>1/</u>	546
1972-----	257	177	145	19	598	<u>1/</u>	598
1973-----	342	202	169	27	740	<u>1/</u>	740
1974-----	319	202	177	33	731	<u>1/</u>	731
1974:							
January-June-----	143	86	81	16	326	<u>1/</u>	326
1975:							
January-June-----	131	74	71	13	289	<u>1/</u>	289

1/ Fewer than 500 vehicles.

Source: Compiled from automotive registration and retail sales data published in Automotive News, Ward's Automotive Reports, and Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada) and by individual manufacturers.

Table 15--U.S.-Canadian-type passenger automobiles: Share of Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	General: Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	53.6	25.7	15.4	3.5	98.2	1.8	100.0
1961-----	51.3	29.1	14.0	3.7	98.1	1.9	100.0
1962-----	53.3	26.7	12.9	5.3	98.2	1.8	100.0
1963-----	50.6	26.1	16.3	5.5	98.5	1.5	100.0
1964-----	46.1	27.9	18.8	5.9	98.7	1.3	100.0
1965-----	47.5	26.9	19.5	5.1	99.0	1.0	100.0
1966-----	46.1	27.3	21.8	4.5	99.7	0.3	100.0
1967-----	45.2	26.7	24.0	4.1	100.0	<u>1/</u>	100.0
1968-----	43.4	29.5	23.6	3.5	100.0	<u>1/</u>	100.0
1969-----	46.4	28.4	22.1	3.1	100.0	<u>1/</u>	100.0
1970-----	40.1	30.5	25.7	3.7	100.0	<u>1/</u>	100.0
1971-----	44.1	29.4	23.7	2.8	100.0	<u>1/</u>	100.0
1972-----	43.0	29.6	24.3	3.1	100.0	<u>1/</u>	100.0
1973-----	46.2	27.4	22.8	3.6	100.0	<u>1/</u>	100.0
1974-----	43.6	27.6	24.3	4.5	100.0	<u>1/</u>	100.0
1974:	:	:	:	:	:	:	:
January-June-----	43.7	26.5	25.0	4.8	100.0	<u>1/</u>	100.0
1975:	:	:	:	:	:	<u>1/</u>	:
January-June-----	45.2	25.7	24.5	4.6	100.0	:	100.0
	:	:	:	:	:	:	:

1/ Less than 0.05 percent.

Source: Compiled from data presented in table 14 of this report.

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Table 16.--U.S.-Canadian-type passenger automobiles: U.S.-Canadian consumption, by market segment, 1963-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	Passenger automobiles having wheelbases measuring--				Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more	
1963-----	21	1,402	4,302	1,934	7,659
1964-----	20	1,510	4,658	1,935	8,123
1965-----	26	1,609	5,505	2,215	9,355
1966-----	25	1,468	5,394	2,073	8,960
1967-----	24	1,521	4,700	1,918	8,163
1968-----	37	1,548	5,453	2,002	9,040
1969-----	32	1,690	3,805	3,474	9,001
1970-----	175	1,777	2,952	2,728	7,632
1971-----	786	1,618	2,257	4,148	8,809
1972-----	938	1,712	2,593	4,313	9,556
1973-----	1,190	2,149	2,938	4,094	10,371
1974-----	1,214	1,948	2,414	2,487	8,063
1974:	:	:	:	:	:
January-June-----	699	1,059	1,258	1,256	4,272
1975:	:	:	:	:	:
January-June-----	561	954	1,076	966	3,557

Source: Compiled from data presented in tables 8 and 12 of this report.

Table 17.-- U.S.-Canadian-type passenger automobiles: Share of U.S.-Canadian consumption, by market segment, 1963-74, January-June 1974, and January-June 1975

(In percent)						
Year	Passenger automobiles having wheelbases measuring--					Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more		
1963-----	0.3	18.3	56.1	25.3	100.0	
1964-----	.2	18.6	57.4	23.8	100.0	
1965-----	.3	17.2	58.8	23.7	100.0	
1966-----	.3	16.4	60.2	23.1	100.0	
1967-----	.3	18.6	57.6	23.5	100.0	
1968-----	.4	17.1	60.4	22.1	100.0	
1969-----	.4	18.8	42.2	38.6	100.0	
1970-----	2.3	23.3	38.7	35.7	100.0	
1971-----	8.9	18.4	25.6	47.1	100.0	
1972-----	9.8	17.9	27.1	45.2	100.0	
1973-----	11.5	20.7	28.3	39.5	100.0	
1974-----	15.1	24.2	29.9	30.8	100.0	
1974:						
January-June-----	16.5	24.7	29.4	29.4	100.0	
1975:						
January-June-----	15.8	26.8	30.2	27.2	100.0	

Source: Compiled from data presented in table 16 of this report.

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Table 18.--U.S.-Canadian-type passenger automobiles: Canadian consumption as a share of total U.S.-Canadian consumption, by market segment, 1963-74, January-June 1974, and January-June 1975

(In percent)						
Year	Passenger automobiles having				Total	
	wheelbases measuring--					
	Less than 100 inches	100- 111.9 inches	112-119.9 inches	120 inches or more		
1963-----	0.8	5.3	5.3	9.5	6.4	
1964-----	1.0	5.4	6.0	9.2	6.6	
1965-----	1.1	5.1	5.8	9.4	6.5	
1966-----	1.5	5.3	6.1	9.8	6.8	
1967-----	1.8	6.8	6.5	9.1	7.2	
1968-----	2.7	6.7	6.4	8.4	6.9	
1969-----	3.1	6.9	6.5	7.3	6.8	
1970-----	5.7	6.5	6.0	6.4	6.3	
1971-----	5.1	7.4	6.3	5.9	6.2	
1972-----	5.0	8.4	6.3	5.6	6.3	
1973-----	8.0	8.4	6.6	6.6	7.1	
1974-----	8.5	9.9	9.0	8.8	9.1	
1974:						
January-June-----	7.3	7.9	7.4	7.8	7.6	
1975:						
January-June-----	5.2	7.7	8.8	9.5	8.1	

Source: Compiled from data presented in tables 12 and 17 of this report.

Table 19.--U.S.-Canadian-type passenger automobiles: U.S.-Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	3,043	1,832	971	433	6,279	119	6,398
1961-----	2,896	1,768	679	383	5,726	85	5,811
1962-----	3,826	1,939	722	446	6,933	94	7,027
1963-----	4,102	2,008	1,015	455	7,580	79	7,659
1964-----	4,208	2,247	1,215	411	8,081	42	8,123
1965-----	4,954	2,536	1,484	356	9,330	25	9,355
1966-----	4,616	2,515	1,520	293	8,944	16	8,960
1967-----	4,404	2,007	1,481	262	8,154	9	8,163
1968-----	4,665	2,411	1,675	281	9,032	8	9,040
1969-----	4,705	2,466	1,565	259	8,995	6	9,001
1970-----	3,524	2,362	1,470	272	7,628	4	7,632
1971-----	4,633	2,450	1,463	258	8,804	5	8,809
1972-----	4,893	2,726	1,611	321	9,551	5	9,556
1973-----	5,395	2,869	1,682	419	10,365	6	10,371
1974-----	3,965	2,374	1,357	362	8,058	5	8,063
1974:	:	:	:	:	:	:	:
January-June-----	2,044	1,245	763	218	4,270	2	4,272
1975:	:	:	:	:	:	:	:
January-June-----	1,851	967	560	177	3,555	2	3,557
	:	:	:	:	:	:	:

Source: Compiled from data presented in tables 10 and 14 of this report.

Table 20.-- U.S.-Canadian-type passenger automobiles: Snare of U.S.-Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	47.5	28.6	15.2	6.8	98.1	1.9	100.0
1961-----	49.8	30.4	11.7	6.6	98.5	1.5	100.0
1962-----	54.5	27.6	10.3	6.3	98.7	1.3	100.0
1963-----	53.6	26.2	13.3	5.9	99.0	1.0	100.0
1964-----	51.7	27.7	15.0	5.1	99.5	0.5	100.0
1965-----	52.9	27.1	15.9	3.8	99.7	0.3	100.0
1966-----	51.4	28.1	17.0	3.3	99.8	0.2	100.0
1967-----	54.0	24.6	18.1	3.2	99.9	0.1	100.0
1968-----	51.6	26.7	18.5	3.1	99.9	0.1	100.0
1969-----	52.2	27.4	17.4	2.9	99.9	0.1	100.0
1970-----	46.1	30.9	19.3	3.6	99.9	0.1	100.0
1971-----	52.6	27.8	16.6	2.9	99.9	0.1	100.0
1972-----	51.1	28.5	16.9	3.4	99.9	0.1	100.0
1973-----	52.0	27.7	16.2	4.0	99.9	0.1	100.0
1974-----	49.2	29.4	16.8	4.5	99.9	0.1	100.0
1974:	:	:	:	:	:	:	:
January-June-----	47.9	29.1	17.9	5.1	100.0	<u>1/</u>	100.0
1975:	:	:	:	:	:	:	:
January-June-----	52.0	27.2	15.7	5.0	99.9	0.1	100.0
	:	:	:	:	:	:	:

1/ Less than 0.05 percent

Source: Compiled from data presented in table 19 of this report.

Table 21.--U.S.-Canadian-type passenger automobiles: Canadian consumption as a share of total U.S.-Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)

Year	: General: : Motors :	Ford	: Chrysler :	AMC	: Big : Four :	All : other:	Total
1960-----	: 5.7 :	4.5	: 5.1 :	2.5	: 5.0 :	5.0	5.0
1961-----	: 5.9 :	5.5	: 6.9 :	3.1	: 5.7 :	8.2	5.8
1962-----	: 5.9 :	5.9	: 7.6 :	5.2	: 6.0 :	8.5	6.1
1963-----	: 6.0 :	6.4	: 7.9 :	5.9	: 6.3 :	8.9	6.4
1964-----	: 5.9 :	6.7	: 8.3 :	7.8	: 6.6 :	16.7	6.6
1965-----	: 5.9 :	6.5	: 7.9 :	8.7	: 6.5 :	24.0	6.5
1966-----	: 6.1 :	6.6	: 8.7 :	9.2	: 6.8 :	12.5	6.8
1967-----	: 6.0 :	7.8	: 9.4 :	9.2	: 7.2 :	0.5	7.2
1968-----	: 5.8 :	7.6	: 8.8 :	7.8	: 6.9 :	0.1	6.9
1969-----	: 6.1 :	7.1	: 8.7 :	7.3	: 6.8 :	0.3	6.8
1970-----	: 5.4 :	6.2	: 8.4 :	6.6	: 6.3 :	1.3	6.3
1971-----	: 5.2 :	6.6	: 8.9 :	5.8	: 6.2 :	2.2	6.2
1972-----	: 5.2 :	6.5	: 9.0 :	5.9	: 6.3 :	0.6	6.3
1973-----	: 6.3 :	7.0	: 10.0 :	6.4	: 7.1 :	0.5	7.1
1974-----	: 8.0 :	8.5	: 13.0 :	9.1	: 9.1 :	-	9.1
1974:	: :	:	: :	:	: :	:	:
January-June-----	: 7.0 :	6.9	: 10.6 :	7.3	: 7.6 :	-	7.6
1975:	: :	:	: :	:	: :	:	:
January-June-----	: 7.1 :	7.6	: 12.7 :	7.3	: 8.1 :	0.4	8.1

Source: Compiled from data presented in tables 14 and 19 of this report.

Table 22.-- U.S.-Canadian-type passenger automobiles: U.S. production, by market segment, 1963-74, January-June 1974, and January-June 1975

(In thousands of units)					
Year	Passenger automobiles having wheelbases measuring--				Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more	
1963-----	23	1,432	4,397	1,770	7,622
1964-----	20	1,538	4,451	1,736	7,745
1965-----	28	1,625	5,568	2,114	9,335
1966-----	25	1,492	5,181	1,907	8,605
1967-----	24	1,473	4,170	1,746	7,413
1968-----	44	1,597	5,257	1,951	8,849
1969-----	33	1,578	3,462	3,151	8,224
1970-----	211	1,480	2,457	2,402	6,550
1971-----	774	1,428	2,202	4,154	8,558
1972-----	788	1,490	2,304	4,246	8,828
1973-----	1,046	1,784	2,670	4,167	9,667
1974-----	1,144	2,026	2,180	1,959	7,309
1974:					
January-June-----	678	1,127	1,082	930	3,817
1975:					
January-June-----	431	871	939	892	3,133

Source: Compiled from automotive production data published in Automotive News, Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States) and by individual manufacturers.

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Table 23.--U.S.-Canadian-type passenger automobiles: Share of U.S. production, by market segment, 1963-74, January-June 1974, and January-June 1975

Year	(In percent)				Total
	Passenger automobiles having wheelbases measuring--				
	Less than 100 inches	100- 111.9 inches	112-119.9 inches	120 inches or more	
1963-----	0.3	18.8	57.7	23.2	100.0
1964-----	.3	19.9	57.4	22.4	100.0
1965-----	.3	17.4	59.7	22.6	100.0
1966-----	.3	17.3	60.2	22.2	100.0
1967-----	.3	19.9	56.3	23.5	100.0
1968-----	.5	18.0	59.5	22.0	100.0
1969-----	.4	19.2	42.1	38.3	100.0
1970-----	3.2	22.6	37.5	36.7	100.0
1971-----	9.0	16.7	25.7	48.6	100.0
1972-----	8.9	16.9	26.1	48.1	100.0
1973-----	10.8	18.5	27.6	43.1	100.0
1974-----	15.7	27.7	29.8	26.8	100.0
1974:					
January-June-----	17.7	29.5	28.4	24.4	100.0
1975:					
January-June-----	13.8	27.8	29.9	28.5	100.0

Source: Compiled from data presented in table 22 of this report.

Table 24.--U.S.-Canadian-type passenger automobiles: U.S. production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)							
Year	:General: :Motors :	Ford	:Chrysler:	AMC	: Big : Four :	All :other:	Total
1960-----	: 3,193	: 1,892	: 1,019	: 486	: 6,590	: 113	: 6,703
1961-----	: 2,727	: 1,690	: 649	: 372	: 5,438	: 84	: 5,522
1962-----	: 3,741	: 1,935	: 717	: 455	: 6,848	: 95	: 6,943
1963-----	: 4,078	: 1,941	: 1,048	: 480	: 7,547	: 75	: 7,622
1964-----	: 3,956	: 2,146	: 1,242	: 394	: 7,738	: 7	: 7,745
1965-----	: 4,949	: 2,566	: 1,468	: 346	: 9,329	: 6	: 9,335
1966-----	: 4,449	: 2,425	: 1,446	: 279	: 8,599	: 6	: 8,605
1967-----	: 4,117	: 1,696	: 1,364	: 230	: 7,407	: 6	: 7,413
1968-----	: 4,593	: 2,397	: 1,586	: 268	: 8,844	: 5	: 8,849
1969-----	: 4,421	: 2,163	: 1,392	: 243	: 8,219	: 5	: 8,224
1970-----	: 2,980	: 2,017	: 1,273	: 276	: 6,546	: 4	: 6,550
1971-----	: 4,853	: 2,176	: 1,288	: 236	: 8,553	: 5	: 8,558
1972-----	: 4,776	: 2,401	: 1,366	: 279	: 8,822	: 6	: 8,828
1973-----	: 5,253	: 2,496	: 1,556	: 356	: 9,661	: 6	: 9,667
1974-----	: 3,571	: 2,205	: 1,177	: 351	: 7,304	: 5	: 7,309
1974:	:	:	:	:	:	:	:
January-June-----	: 1,788	: 1,153	: 672	: 201	: 3,814	: 3	: 3,817
1975:	:	:	:	:	:	:	:
January-June-----	: 1,715	: 870	: 386	: 160	: 3,131	: 2	: 3,133
	:	:	:	:	:	:	:

Source: Compiled from automotive production data published in Automotive News, Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States) and by individual manufacturers.

Table 25.--U.S.-Canadian-type passenger automobiles: Share of U.S. production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)

Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960	47.7	28.2	15.2	7.2	98.3	1.7	100.0
1961	49.5	30.6	11.7	6.7	98.5	1.5	100.0
1962	53.9	27.9	10.3	6.5	98.6	1.4	100.0
1963	53.5	25.5	13.7	6.3	99.0	1.0	100.0
1964	51.1	27.7	16.0	5.1	99.9	0.1	100.0
1965	53.0	27.5	15.7	3.7	99.9	0.1	100.0
1966	51.7	28.2	16.8	3.2	99.9	0.1	100.0
1967	55.5	22.9	18.4	3.1	99.9	0.1	100.0
1968	51.9	27.1	17.9	3.0	99.9	0.1	100.0
1969	53.7	26.3	16.9	3.0	99.9	0.1	100.0
1970	45.5	30.8	19.4	4.2	99.9	0.1	100.0
1971	56.7	25.4	15.0	2.8	99.9	0.1	100.0
1972	54.0	27.2	15.5	3.2	99.9	0.1	100.0
1973	54.3	25.8	16.1	3.7	99.9	0.1	100.0
1974	48.8	30.2	16.1	4.8	99.9	0.1	100.0
1974:							
January-June	46.8	30.2	17.6	5.3	99.9	0.1	100.0
1975:							
January-June	54.7	27.8	12.3	5.1	99.9	0.1	100.0

Source: Compiled from data presented in table 24 of this report.

Table 26.--U.S.-Canadian-type passenger automobiles: Canadian production, by market segment, 1963-74, January-June 1974, and January-June 1975

Year	(In thousands of units)				Total
	Passenger automobiles having wheelbases measuring--				
	Less than 100 inches	100- 111.9 inches	112-119.9 inches	120 inches or more	
1963-----	-	77	265	190	532
1964-----	-	81	301	175	557
1965-----	-	97	376	233	706
1966-----	-	147	356	189	692
1967-----	-	93	458	159	710
1968-----	-	139	591	156	886
1969-----	-	293	389	337	1,020
1970-----	66	419	250	171	906
1971-----	107	346	206	415	1,074
1972-----	213	295	379	251	1,138
1973-----	255	354	435	128	1,172
1974-----	328	273	361	209	1,171
1974:					
January-June-----	212	176	226	52	666
1975:					
January-June-----	139	77	181	137	534

Source: Compiled from automotive production data published in Automotive News, Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada) and by individual manufacturers.

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Table 27.--U.S.-Canadian-type passenger automobiles: Share of Canadian production, by market segment, 1973-74, January-June 1974, and January-June 1975

(In percent)					
Year	Passenger automobiles having wheelbases measuring--				Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more	
1963-----	-	14.5	49.8	35.7	100.0
1964-----	-	14.5	54.1	31.4	100.0
1965-----	-	13.7	53.3	33.0	100.0
1966-----	-	21.2	51.5	27.3	100.0
1967-----	-	13.1	64.5	22.4	100.0
1968-----	-	15.7	66.7	17.6	100.0
1969-----	-	28.7	38.2	33.1	100.0
1970-----	7.3	46.2	27.6	18.9	100.0
1971-----	10.0	32.2	19.2	38.6	100.0
1972-----	18.7	25.9	33.3	22.1	100.0
1973-----	21.7	30.2	37.2	10.9	100.0
1974-----	28.0	23.3	30.9	17.8	100.0
1974:	:	:	:	:	:
January-June-----	31.3	26.4	34.0	7.8	100.0
1975:	:	:	:	:	:
January-June-----	26.0	14.5	33.9	25.6	100.0

Source: Compiled from data presented in table 26 of this report.

Table 28.--U.S.-Canadian-type passenger automobiles: Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	175	94	50	-	319	6	325
1961-----	167	98	47	9	321	6	327
1962-----	229	118	51	22	420	8	428
1963-----	265	142	87	30	524	8	532
1964-----	246	153	105	35	539	18	557
1965-----	351	169	136	31	687	19	706
1966-----	286	198	173	33	690	2	692
1967-----	312	178	187	33	710	-	710
1968-----	338	287	219	42	886	-	886
1969-----	392	391	201	36	1,020	-	1,020
1970-----	223	396	239	48	906	-	906
1971-----	406	392	233	43	1,074	-	1,074
1972-----	354	459	266	59	1,138	-	1,138
1973-----	392	445	261	74	1,172	-	1,172
1974-----	478	409	226	58	1,171	-	1,171
1974:							
January-June-----	278	218	131	39	666	-	666
1975:							
January-June-----	223	154	134	23	534	-	534

Source: Compiled from automotive production data published in Automotive News, Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada) and by individual manufacturers.

Table 29.--U.S.-Canadian-type passenger automobiles: Share of Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)

Year	:General: :Motors:	Ford	:Chrysler:	AMC	: Big : Four	: All : other:	Total
1960-----	53.9	28.9	15.5	-	98.3	1.7	100.0
1961-----	51.2	30.0	14.3	2.6	98.1	1.9	100.0
1962-----	53.6	27.6	11.8	5.1	98.1	1.9	100.0
1963-----	49.7	26.8	16.3	5.7	98.5	1.5	100.0
1964-----	44.2	27.5	18.8	6.3	96.8	3.2	100.0
1965-----	49.8	24.0	19.2	4.4	97.4	2.6	100.0
1966-----	41.2	28.7	25.0	4.8	99.7	0.3	100.0
1967-----	44.0	25.0	26.3	4.7	100.0	-	100.0
1968-----	38.2	32.4	24.7	4.7	100.0	-	100.0
1969-----	38.4	38.4	19.7	3.5	100.0	-	100.0
1970-----	24.6	43.7	26.4	5.3	100.0	-	100.0
1971-----	37.8	36.5	21.7	4.0	100.0	-	100.0
1972-----	31.1	40.3	23.4	5.2	100.0	-	100.0
1973-----	33.4	38.0	22.3	6.3	100.0	-	100.0
1974-----	40.8	34.9	19.3	5.0	100.0	-	100.0
1974:	:	:	:	:	:	:	:
January-June-----	41.7	32.7	19.7	5.9	100.0	-	100.0
1975:	:	:	:	:	:	:	:
January-June-----	41.8	28.8	25.1	4.3	100.0	-	100.0
	:	:	:	:	:	:	:

Source: Compiled from data presented in table 28 of this report.

Table 30.--U.S.-Canadian-type passenger automobiles: U.S.-Canadian production, by market segment, 1963-74, January-June 1974, and January-June 1975

(In thousands of units)					
Year	Passenger automobiles having wheelbases measuring--				Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more	
1963-----	23	1,509	4,662	1,960	8,154
1964-----	20	1,619	4,752	1,911	8,302
1965-----	28	1,722	5,944	2,347	10,041
1966-----	25	1,639	5,537	2,096	9,297
1967-----	24	1,566	4,628	1,905	8,123
1968-----	44	1,736	5,848	2,107	9,735
1969-----	33	1,871	3,852	3,488	9,244
1970-----	277	1,899	2,707	2,573	7,456
1971-----	881	1,774	2,408	4,569	9,632
1972-----	1,001	1,785	2,683	4,497	9,966
1973-----	1,301	2,138	3,105	4,295	10,839
1974-----	1,472	2,299	2,541	2,168	8,480
1974:					
January-June-----	890	1,303	1,308	982	4,483
1975:					
January-June-----	570	948	1,120	1,029	3,667

Source: Compiled from data presented in tables 22 and 26 of this report.

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Table 31.--U.S.-Canadian-type passenger automobiles: Share of U.S.-Canadian production, by market segment, 1963-74, January-June 1974, and January-June 1975

Year	(In percent)				Total
	Passenger automobiles having wheelbases measuring--				
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more	
1963-----	0.3	18.5	57.2	24.0	100.0
1964-----	0.2	19.5	57.3	23.0	100.0
1965-----	0.3	17.1	59.2	23.4	100.0
1966-----	0.3	17.6	59.6	22.5	100.0
1967-----	0.3	19.3	56.9	23.5	100.0
1968-----	0.5	17.8	60.1	21.6	100.0
1969-----	0.4	20.2	41.7	37.7	100.0
1970-----	3.7	25.5	36.3	34.5	100.0
1971-----	9.1	18.4	25.0	47.5	100.0
1972-----	10.0	17.9	26.9	45.2	100.0
1973-----	12.0	19.7	28.6	39.7	100.0
1974-----	17.4	27.1	29.9	25.6	100.0
1974:					
January-June-----	19.9	29.1	29.1	21.9	100.0
1975:					
January-June-----	15.5	25.9	50.5	28.1	100.0

Source: Compiled from data presented in table 30 of this report.

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Table 32.--U.S.-Canadian-type passenger automobiles: Canadian production as a share of total U.S.-Canadian production, by market segment, 1963-74, January-June 1974, and January-June 1975

Year	(In percent)					Total
	Passenger automobiles having wheelbases measuring--					
	Less than 100 inches	100- 111.9 inches	112-119.9 inches	120 inches or more		
1963-----	0.0	5.1	5.7	9.7	6.5	
1964-----	0.0	5.0	6.3	9.2	6.7	
1965-----	0.0	5.6	6.3	9.9	7.0	
1966-----	0.0	9.0	6.4	9.0	7.4	
1967-----	0.0	5.9	9.9	8.3	8.7	
1968-----	0.0	8.0	10.1	7.4	9.1	
1969-----	0.0	15.7	10.1	9.7	11.0	
1970-----	23.8	22.1	9.2	6.6	12.2	
1971-----	12.1	19.5	8.6	9.1	11.2	
1972-----	21.3	16.5	14.1	5.6	11.4	
1973-----	19.6	16.6	14.0	3.0	10.8	
1974-----	22.3	11.9	14.2	9.6	13.8	
1974:						
January-June-----	23.8	13.5	17.3	5.3	14.9	
1975:						
January-June-----	24.4	8.1	16.2	13.3	14.6	

Source: Compiled from data presented in tables 26 and 30 of this report.

Table 33.--U.S.-Canadian-type passenger automobiles: U.S.-Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	General: Motors:	Ford	Chrysler	AMC	Big Four	All other:	Total
1960-----	3,368	1,986	1,069	486	6,909	119	7,028
1961-----	2,894	1,788	696	381	5,759	90	5,849
1962-----	3,970	2,053	768	477	7,268	103	7,371
1963-----	4,343	2,083	1,135	510	8,071	83	8,154
1964-----	4,202	2,299	1,347	429	8,277	25	8,302
1965-----	5,300	2,735	1,604	377	10,016	25	10,041
1966-----	4,735	2,623	1,619	312	9,289	8	9,297
1967-----	4,429	1,874	1,551	263	8,117	8	8,123
1968-----	4,931	2,684	1,805	310	9,730	5	9,735
1969-----	4,813	2,554	1,593	279	9,239	5	9,244
1970-----	3,203	2,413	1,512	324	7,452	4	7,456
1971-----	5,259	2,568	1,521	279	9,627	5	9,632
1972-----	5,130	2,860	1,632	338	9,960	6	9,966
1973-----	5,645	2,941	1,817	430	10,833	6	10,839
1974-----	4,049	2,614	1,403	409	8,475	5	8,480
1974:	:	:	:	:	:	:	:
January-June-----	2,066	1,371	803	240	4,480	3	4,483
1975:	:	:	:	:	:	:	:
January-June-----	1,938	1,024	520	183	3,665	2	3,667

Source: Compiled from data presented in tables 24 and 28 of this report.

Table 34.--U.S.-Canadian-type passenger automobiles: Share of U.S.-Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	:General: :Motors:	Ford	:Chrysler:	AMC	: Big : Four	: All : other:	Total
1960-----	47.9	28.3	15.2	6.9	98.3	1.7	100.0
1961-----	49.5	30.6	11.9	6.5	98.5	1.5	100.0
1962-----	53.8	27.9	10.4	6.5	98.6	1.4	100.0
1963-----	53.3	25.5	13.9	6.3	99.0	1.0	100.0
1964-----	50.6	27.7	16.2	5.2	99.7	0.3	100.0
1965-----	52.8	27.2	16.0	3.8	99.8	0.2	100.0
1966-----	50.9	28.2	17.4	3.4	99.9	0.1	100.0
1967-----	54.5	23.1	19.1	3.2	99.9	0.1	100.0
1968-----	50.6	27.6	18.5	3.2	99.9	0.1	100.0
1969-----	52.1	27.6	17.2	3.0	99.9	0.1	100.0
1970-----	42.9	32.4	20.3	4.3	99.9	0.1	100.0
1971-----	54.6	26.7	15.8	2.8	99.9	0.1	100.0
1972-----	51.4	28.7	16.4	3.4	99.9	0.1	100.0
1973-----	52.0	27.1	16.8	4.0	99.9	0.1	100.0
1974-----	47.7	30.8	16.6	4.8	99.9	0.1	100.0
1974:							
January-June-----	46.0	30.6	17.9	5.4	99.9	0.1	100.0
1975:							
January-June-----	52.8	27.9	14.2	5.0	99.9	0.1	100.0

Source: Compiled from data presented in table 33 of this report.

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Table 35.--U.S.-Canadian-type passenger automobiles: Canadian production as a share of total U.S.-Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	:General: :Motors:	Ford	:Chrysler:	AMC	:Big :Four	:All :other:	Total
1960-----	5.2	4.7	4.7	-	4.6	5.0	4.6
1961-----	5.8	5.5	6.8	2.4	5.6	6.7	5.6
1962-----	5.8	5.7	6.6	4.6	5.8	7.8	5.8
1963-----	6.1	6.8	7.7	5.9	6.5	19.4	6.5
1964-----	5.9	6.7	7.8	8.2	6.5	73.1	6.7
1965-----	6.6	6.2	8.5	8.2	6.9	25.0	7.0
1966-----	6.0	7.5	10.7	10.6	7.4	-	7.4
1967-----	7.0	9.5	12.1	12.5	8.7	-	8.7
1968-----	6.9	10.7	12.1	13.5	9.1	-	9.1
1969-----	8.1	15.3	12.6	12.9	11.0	-	11.0
1970-----	7.0	16.4	15.8	14.8	12.2	-	12.2
1971-----	7.7	15.3	15.3	15.4	11.2	-	11.2
1972-----	6.9	16.0	16.3	17.5	11.4	-	11.4
1973-----	6.9	15.1	14.4	17.2	10.8	-	10.8
1974-----	11.8	15.6	16.1	14.2	13.8	-	13.8
1974:	:	:	:	:	:	:	:
January-June-----	13.5	15.9	16.3	16.3	14.9	-	14.9
1975:	:	:	:	:	:	:	:
January-June-----	11.5	15.0	25.8	12.6	14.6	-	14.6
	:	:	:	:	:	:	:

Source: Compiled from data presented in tables 28 and 33 of this report.

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Table 36.--U.S.-Canadian-type passenger automobiles: U.S. exports to Canada, U.S. exports to all other countries, and total U.S. exports, 1960-74, January-June 1974, and January-June 1975

Year	U.S. exports to Canada	All other U.S. exports	Total	Exports to Canada as a percent of the total
	1,000 units	1,000 units	1,000 units	Percent
1960-----	27	118	145	18.6
1961-----	16	125	141	11.3
1962-----	17	163	180	9.4
1963-----	7	187	194	3.6
1964-----	15	183	198	7.6
1965-----	47	158	205	22.9
1966-----	122	140	262	46.6
1967-----	246	120	366	67.2
1968-----	289	126	415	69.6
1969-----	286	131	417	68.6
1970-----	246	114	360	68.3
1971-----	352	111	463	76.0
1972-----	382	89	471	81.1
1973-----	476	103	579	82.2
1974-----	485	109	594	81.6
1974:				
Jan.-June-----	271	59	330	82.1
1975:				
Jan.-June-----	270	40	310	87.1

Source: Compiled from data on the destination of factory shipments submitted to the United States International Trade Commission by the Motor Vehicle Manufacturer's Association (United States).

Table 37.--U.S.-Canadian-type passenger automobiles: U.S. exports to Canada, by market segment, 1963-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	Passenger automobiles having wheelbases measuring--				Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more	
1963-----	-	1/	2	5	7
1964-----	1/	7	2	6	15
1965-----	1/	16	20	11	47
1966-----	1/	36	55	31	122
1967-----	1/	91	84	71	246
1968-----	1	97	113	78	289
1969-----	1	94	84	107	286
1970-----	7	80	68	91	246
1971-----	34	98	86	134	352
1972-----	28	116	84	154	382
1973-----	36	149	110	181	476
1974-----	45	179	122	139	485
1974:					
January-June-----	24	102	81	64	271
1975:					
January-June-----	26	94	80	70	270

1/ Fewer than 500 vehicles.

Source: Compiled from data on the destination of factory shipments supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 38.--U.S.-Canadian-type passenger automobiles: Share of U.S. exports to Canada, by market segment, 1963-74, January-June 1974, and January-June 1975

(In percent)					
Year	Passenger automobiles having wheelbases measuring--				Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more	
1963-----	-	1.0	24.4	74.6	100.0
1964-----	1.4	44.2	15.3	39.1	100.0
1965-----	.7	35.3	39.9	24.1	100.0
1966-----	.3	29.6	44.6	25.5	100.0
1967-----	.2	37.2	33.9	28.7	100.0
1968-----	.5	33.5	38.9	27.1	100.0
1969-----	.3	32.7	29.2	37.8	100.0
1970-----	2.9	32.7	27.5	36.9	100.0
1971-----	9.6	28.0	24.4	38.0	100.0
1972-----	7.4	30.3	21.9	40.4	100.0
1973-----	7.5	31.3	23.1	38.1	100.0
1974-----	9.3	36.9	25.1	28.7	100.0
1974:	:	:	:	:	:
January-June-----	8.9	37.6	29.9	23.6	100.0
1975:	:	:	:	:	:
January-June-----	9.6	34.9	29.6	25.9	100.0

Source: Compiled from data presented in table 37 of this report.

Table 39.--U.S.-Canadian-type passenger automobiles: U.S. exports to Canada as a percent of U.S. production, by market segment, 1963-74, January-June 1974, and January-June 1975

(In percent)						
Year	Passenger automobiles having wheelbases measuring--					Total
	Less than 100 inches	100-111.9 inches	112-119.9 inches	120 inches or more		
1963-----	-	<u>1/</u>	<u>1/</u>	0.3	0.1	
1964-----	1.0	0.5	<u>1/</u>	.3	.2	
1965-----	1.1	1.0	0.4	.5	.5	
1966-----	1.5	2.4	1.1	1.6	1.4	
1967-----	1.8	6.2	2.0	4.1	3.3	
1968-----	2.2	6.1	2.1	4.0	3.3	
1969-----	3.0	6.0	2.4	3.4	3.5	
1970-----	3.3	5.4	2.8	3.8	3.8	
1971-----	4.4	6.9	3.9	3.2	4.1	
1972-----	3.6	7.8	3.6	3.6	4.3	
1973-----	3.4	8.4	4.1	4.3	4.9	
1974-----	3.9	8.8	5.6	7.1	6.6	
1974:						
January-June-----	3.5	9.1	7.5	6.9	7.1	
1975:						
January-June-----	6.0	10.8	8.5	7.8	8.6	

1/ Less than 0.05 percent.

Source: Compiled from data presented in tables 22 and 37 of this report.

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Table 40.--U.S.-Canadian-type passenger automobiles: U.S. exports to Canada, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	:General: :Motors:	Ford	:Chrysler:	AMC	:Big :Four	:All :other:	Total
1960-----	11	2	2	12	27	1/	27
1961-----	8	3	1	4	16	1/	16
1962-----	8	2	6	1	17	1/	17
1963-----	5	2	1/	1/	7	1/	7
1964-----	6	9	1/	1/	15	1/	15
1965-----	8	18	20	1	47	1/	47
1966-----	24	48	43	7	122	1/	122
1967-----	66	80	85	15	246	1/	246
1968-----	85	104	87	13	289	1/	289
1969-----	98	89	87	12	286	1/	286
1970-----	76	60	98	12	246	1/	246
1971-----	150	81	110	11	352	1/	352
1972-----	139	109	120	14	382	1/	382
1973-----	176	137	147	16	476	1/	476
1974-----	147	157	157	24	485	1/	485
1974:	:	:	:	:	:	:	:
January-June-----	88	80	91	12	271	1/	271
1975:	:	:	:	:	:	:	:
January-June-----	106	74	78	12	270	1/	270

1/ Fewer than 500 vehicles.

Source: Compiled from data on the destination of factory shipments supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 41.--U.S.-Canadian-type passenger automobiles: Share of U.S. exports to Canada, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	41.8	6.8	6.9	43.6	99.1	0.9	100.0
1961-----	50.5	17.1	8.8	22.4	98.8	1.2	100.0
1962-----	45.6	10.3	36.4	7.0	99.3	0.7	100.0
1963-----	71.9	21.1	4.9	0.9	98.8	1.2	100.0
1964-----	40.5	55.7	2.9	0.7	99.8	0.2	100.0
1965-----	17.7	36.9	43.6	1.7	99.9	0.1	100.0
1966-----	19.9	39.3	35.1	5.7	100.0	<u>1/</u>	100.0
1967-----	26.7	32.4	34.6	6.3	100.0	<u>1/</u>	100.0
1968-----	29.6	35.6	30.3	4.5	100.0	<u>1/</u>	100.0
1969-----	34.4	31.0	30.4	4.2	100.0	<u>1/</u>	100.0
1970-----	31.0	24.3	39.8	4.9	100.0	<u>1/</u>	100.0
1971-----	42.6	22.9	31.3	3.2	100.0	<u>1/</u>	100.0
1972-----	36.4	28.6	31.4	3.6	100.0	<u>1/</u>	100.0
1973-----	36.9	28.8	30.9	3.4	100.0	<u>1/</u>	100.0
1974-----	30.3	32.4	32.4	4.9	100.0	<u>1/</u>	100.0
1974:							
January-June-----	32.5	29.4	33.7	4.4	100.0	<u>1/</u>	100.0
1975:							
January-June-----	39.4	27.2	28.9	4.5	100.0	<u>1/</u>	100.0

1/ Less than 0.05 percent.

Source: Compiled from data presented in table 40 of this report.

Table 42.— U.S.-Canadian-type passenger automobiles: U.S. exports to Canada as a percent of U.S. production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)

Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960	0.3	0.1	0.2	2.5	0.4	0.2	0.4
1961	0.3	0.2	0.2	1.1	0.3	0.2	0.3
1962	0.2	0.1	0.8	0.2	0.2	0.1	0.2
1963	0.1	0.1	$\frac{1}{}$	$\frac{1}{}$	0.1	0.1	0.1
1964	0.2	0.4	$\frac{1}{}$	$\frac{1}{}$	0.2	0.4	0.2
1965	0.2	0.7	1.4	0.2	0.5	0.5	0.5
1966	0.5	2.0	3.0	2.5	1.4	$\frac{1}{}$	1.4
1967	1.6	4.7	6.2	6.5	3.3	$\frac{1}{}$	3.3
1968	1.9	4.3	5.5	4.9	3.3	$\frac{1}{}$	3.3
1969	2.2	4.1	6.3	4.9	3.5	0.2	3.5
1970	2.6	3.0	7.7	4.3	3.8	0.5	3.8
1971	3.1	3.7	8.5	4.7	4.1	0.3	4.1
1972	2.9	4.5	8.8	5.0	4.3	0.3	4.3
1973	3.4	5.5	9.4	4.5	4.9	0.5	4.9
1974	4.1	7.1	13.3	6.8	6.6	0.6	6.6
1974:	:	:	:	:	:	:	:
January-June	4.9	6.9	13.5	6.0	7.1	0.3	7.1
1975:	:	:	:	:	:	:	:
January-June	6.2	8.5	20.2	7.5	8.6	5.2	8.6
	:	:	:	:	:	:	:

$\frac{1}{}$ Less than 0.05 percent.

Source: Compiled from data presented in tables 24 and 40 of this report.

Table 43.--All passenger automobiles: U.S. exports to Canada, Canadian imports from all other countries, and total Canadian imports, 1960-74, January-June 1974, and January-June 1975

Year	U.S. exports to Canada	All other Canadian imports	Total	U.S. exports to Canada as a percent of total Canadian imports
	1,000 units	1,000 units	1,000 units	Percent
1960-----	27	126	153	17.6
1961-----	16	101	117	13.7
1962-----	17	75	92	18.5
1963-----	7	53	60	11.7
1964-----	15	66	81	18.5
1965-----	47	73	120	39.2
1966-----	122	71	193	63.2
1967-----	246	78	324	75.9
1968-----	289	110	399	72.4
1969-----	286	124	410	69.8
1970-----	246	140	386	63.7
1971-----	352	179	531	66.3
1972-----	382	198	580	65.9
1973-----	476	185	661	72.0
1974-----	485	131	616	78.7
1974:	:	:	:	:
Jan.-June----	271	55	326	83.1
1975:	:	:	:	:
Jan.-June----	270	42	312	86.5

Source: Compiled from factory shipments, registration and retail sales data published in Automotive News, Ward's Automotive Reports, Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

Table 44.-- U.S.-Canadian-type passenger automobiles: U.S. exports to Canada as a percent of Canadian consumption, by market segment, 1963-74, January-June 1974, and January-June 1975

(In percent)						
Year	Passenger automobiles having wheelbases measuring--					Total
	Less than 100 inches	100- 111.9 inches	112-119.9 inches	120 inches or more		
1963-----	100.0	0.1	0.9	2.7	1.4	
1964-----	100.0	8.6	.7	3.4	2.8	
1965-----	100.0	19.5	6.3	5.3	7.7	
1966-----	100.0	46.2	16.8	15.2	20.0	
1967-----	100.0	87.5	27.4	40.8	42.1	
1968-----	100.0	94.2	32.4	46.2	46.5	
1969-----	100.0	81.0	34.1	42.3	46.4	
1970-----	70.0	69.0	38.4	52.0	51.5	
1971-----	85.0	81.7	60.6	54.9	64.5	
1972-----	59.6	80.6	51.2	63.4	63.9	
1973-----	37.9	82.3	57.0	66.8	64.3	
1974-----	43.7	92.7	56.2	63.8	66.3	
1974:						
January-June-----	47.1	121.4	87.1	65.3	83.1	
1975:						
January-June-----	89.7	128.8	84.2	76.1	93.4	

Source: Compiled from data presented in tables 12 and 39 of this report.

Table 45.--U.S.-Canadian-type passenger automobiles: U.S. exports to Canada as a percent of Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	:General: :Motors :	Ford :	Chrysler :	AMC :	Big Four :	All :other:	Total
1960-----	6.4 :	2.4 :	4.0 :	109.1 :	8.5 :	4.1 :	8.4
1961-----	4.7 :	3.1 :	2.1 :	33.3 :	4.9 :	2.7 :	4.8
1962-----	3.5 :	1.8 :	10.9 :	4.3 :	4.1 :	1.4 :	4.0
1963-----	2.0 :	1.6 :	0.4 :	0.2 :	1.5 :	1.3 :	1.4
1964-----	2.4 :	6.0 :	0.4 :	0.3 :	2.8 :	0.4 :	2.8
1965-----	2.8 :	11.0 :	16.9 :	3.2 :	7.8 :	0.5 :	7.7
1966-----	8.6 :	28.9 :	32.3 :	25.9 :	20.1 :	0.1 :	20.0
1967-----	24.9 :	51.3 :	60.7 :	62.5 :	42.1 :	4.2 :	42.1
1968-----	31.5 :	56.8 :	59.2 :	59.1 :	46.5 :	14.2 :	46.5
1969-----	34.3 :	50.9 :	63.5 :	63.2 :	46.4 :	53.0 :	46.4
1970-----	39.6 :	41.1 :	79.7 :	66.7 :	51.5 :	39.6 :	51.5
1971-----	62.5 :	50.3 :	85.3 :	73.3 :	64.5 :	15.7 :	64.5
1972-----	54.1 :	61.6 :	82.8 :	73.7 :	63.9 :	51.6 :	63.9
1973-----	51.5 :	67.8 :	87.0 :	59.3 :	64.3 :	96.9 :	64.3
1974-----	46.1 :	77.7 :	88.7 :	72.7 :	66.3 :	- :	66.3
1974:	:	:	:	:	:	:	:
January-June-----	61.5 :	93.0 :	112.3 :	75.0 :	84.4 :	- :	83.1
1975:	:	:	:	:	:	:	:
January-June-----	80.9 :	100.0 :	109.9 :	92.3 :	93.4 :	147.1 :	93.4
:	:	:	:	:	:	:	:

Source: Compiled from data presented in table 14 and 40 of this report.

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Table 46.--U.S.-Canadian-type passenger automobiles: U.S. imports from Canada, Canadian exports to all other countries, and total Canadian exports, 1960-74, January-June 1974, and January-June 1975

Year	U.S. imports from Canada	All other Canadian exports	Total	U.S. imports from Canada as a percent of total Cana- dian exports
	1,000 units	1,000 units	1,000 units	Percent
1960-----	2	17	19	10.5
1961-----	1	8	9	11.1
1962-----	1	13	14	7.1
1963-----	1	15	16	6.3
1964-----	12	26	38	31.6
1965-----	33	40	73	45.2
1966-----	161	37	198	81.3
1967-----	326	35	361	90.3
1968-----	480	37	517	92.8
1969-----	677	36	713	95.0
1970-----	682	30	712	95.8
1971-----	780	38	818	95.4
1972-----	837	37	874	95.8
1973-----	862	41	903	95.5
1974-----	802	52	854	93.9
1974:				
Jan.-June----	454	27	481	94.4
1975:				
Jan.-June----	370	30	400	92.5

Source: Compiled from data on the destination of factory sales supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 47.--U.S.-Canadian-type passenger automobiles: U.S. imports from Canada, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	:General: :Motors :	Ford	:Chrysler:	AMC	:Big :Four :	:All :other:	Total
1960-----	- :	2 :	- :	- :	2 :	$\frac{1}{1}$:	2
1961-----	- :	1 :	- :	- :	1 :	$\frac{1}{1}$:	1
1962-----	- :	1 :	- :	- :	1 :	$\frac{1}{1}$:	1
1963-----	- :	1 :	- :	- :	1 :	$\frac{1}{1}$:	1
1964-----	- :	2 :	- :	- :	2 :	$\frac{1}{10}$:	12
1965-----	- :	2 :	20 :	- :	22 :	11 :	33
1966-----	3 :	62 :	85 :	9 :	159 :	2 :	161
1967-----	87 :	94 :	118 :	27 :	326 :	- :	326
1968-----	118 :	180 :	149 :	33 :	480 :	- :	480
1969-----	196 :	292 :	158 :	31 :	677 :	- :	677
1970-----	127 :	304 :	209 :	42 :	682 :	- :	682
1971-----	249 :	290 :	203 :	38 :	780 :	- :	780
1972-----	205 :	356 :	224 :	52 :	837 :	- :	837
1973-----	236 :	349 :	215 :	62 :	862 :	- :	862
1974-----	265 :	311 :	183 :	43 :	802 :	- :	802
1974:	:	:	:	:	:	:	:
January-June-----	154 :	164 :	106 :	30 :	454 :	- :	454
1975:	:	:	:	:	:	:	:
January-June-----	128 :	110 :	114 :	18 :	370 :	- :	370

1/ Fewer than 500 vehicles.

Source: Compiled from data on the destination of factory sales supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 48.--U.S.-Canadian-type passenger automobiles: U.S. imports from Canada as a percent of Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	General Motors	Ford	Chrysler	AMC	Big Four	All other	Total
1960-----	-	2.1	-	-	0.6	1.1	0.6
1961-----	-	1.0	-	-	0.3	1.4	0.3
1962-----	-	0.8	-	-	0.2	1.0	0.2
1963-----	-	0.7	-	-	0.2	0.9	0.2
1964-----	-	1.3	-	-	0.4	55.6	2.2
1965-----	-	1.2	14.7	-	3.2	57.9	4.7
1966-----	1.0	31.3	49.1	27.3	23.0	90.5	23.3
1967-----	27.9	52.8	63.1	81.8	45.9	-	45.9
1968-----	34.9	62.7	68.0	78.6	54.2	-	54.2
1969-----	50.0	74.7	78.6	86.1	65.4	-	66.4
1970-----	57.0	76.8	87.4	87.5	75.3	-	75.3
1971-----	61.3	74.0	87.1	88.4	72.6	-	72.6
1972-----	57.9	77.6	84.2	88.1	73.6	-	73.6
1973-----	60.2	78.4	82.3	83.8	73.5	-	73.5
1974-----	55.4	76.0	80.9	74.1	68.5	-	68.5
1974:	:	:	:	:	:	:	:
January-June-----	55.4	75.2	80.9	76.9	68.2	-	68.2
1975:	:	:	:	:	:	:	:
January-June-----	57.4	71.4	85.1	78.3	69.3	-	69.3

Source: Compiled from data presented in tables 28 and 47 of this report.

Table 49.--U.S.-Canadian-type passenger automobiles: Share of U.S. imports from Canada, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	:General: :Motors :	Ford :	Chrysler :	AMC :	Big Four :	All other:	Total
1960-----	-	96.1	-	-	96.1	3.9	100.0
1961-----	-	94.1	-	-	94.1	5.9	100.0
1962-----	-	93.6	-	-	93.6	6.4	100.0
1963-----	-	94.3	-	-	94.3	5.7	100.0
1964-----	-	15.1	-	-	15.1	84.9	100.0
1965-----	-	4.9	60.6	-	65.5	34.5	100.0
1966-----	2.1	33.6	52.4	5.8	98.9	1.1	100.0
1967-----	26.6	28.8	36.4	8.2	100.0	-	100.0
1968-----	24.6	37.3	31.1	7.0	100.0	-	100.0
1969-----	29.0	43.1	23.4	4.5	100.0	-	100.0
1970-----	18.6	44.7	30.6	6.1	100.0	-	100.0
1971-----	31.9	37.2	26.0	4.9	100.0	-	100.0
1972-----	24.5	42.5	26.7	6.3	100.0	-	100.0
1973-----	27.4	40.5	24.9	7.2	100.0	-	100.0
1974-----	33.1	38.8	22.8	5.3	100.0	-	100.0
1974:	:	:	:	:	:	:	:
January-June-----	33.8	36.2	23.4	6.6	100.0	-	100.0
1975:	:	:	:	:	:	:	:
January-June-----	34.6	29.8	30.8	4.8	100.0	-	100.0

Source: Compiled from data presented in table 47 of this report.

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Table 50.--All passenger automobiles: U.S. imports from Canada, U.S. imports from all other countries, and total U.S. imports, 1960-74, January-June 1974, and January-June 1975

Year	U.S. imports from Canada	U.S. imports: from all other sources	Total	U.S. imports from Canada as a percent of total U.S. imports
	1,000 units	1,000 units	1,000 units	Percent
1960-----	2	501	503	0.4
1961-----	1	380	381	0.3
1962-----	1	339	340	0.3
1963-----	1	386	387	0.3
1964-----	12	484	496	2.4
1965-----	33	569	629	5.2
1966-----	161	658	819	19.7
1967-----	326	779	1,105	29.5
1968-----	480	986	1,466	32.7
1969-----	677	1,062	1,739	38.9
1970-----	682	1,231	1,913	35.7
1971-----	780	1,466	2,246	34.7
1972-----	837	1,529	2,366	35.4
1973-----	862	1,720	2,582	33.4
1974-----	802	1,369	2,171	36.9
1974:				
Jan.-June----	454	703	1,157	39.2
1975:				
Jan.-June----	370	833	1,203	30.8

Source: Compiled from data on factory sales, registrations and retail sales published in Automotive News and Ward's Automotive Reports and from data supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 51.--U.S.-Canadian-type passenger automobiles: U.S. imports from Canada as a percent of U.S. consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)							
Year	:General: :Motors :	Ford	Chrysler	AMC	Big Four	All :other:	Total
1960-----	-	0.1	-	-	1/	0.1	1/
1961-----	-	0.1	-	-	1/	0.1	1/
1962-----	-	0.1	-	-	1/	0.1	1/
1963-----	-	0.1	-	-	1/	0.1	1/
1964-----	-	0.1	-	-	1/	28.6	0.2
1965-----	-	0.1	1.5	-	0.3	57.9	0.4
1966-----	0.1	2.6	6.1	3.4	1.9	14.3	1.9
1967-----	2.1	5.1	8.8	11.3	4.3	-	4.3
1968-----	2.7	8.1	9.8	12.7	5.7	-	5.7
1969-----	4.4	12.7	11.1	12.9	8.1	-	8.1
1970-----	3.8	13.7	15.5	16.5	9.5	-	9.5
1971-----	5.7	12.7	15.2	15.6	9.4	-	9.4
1972-----	4.4	14.0	15.3	17.2	9.3	-	9.3
1973-----	4.7	13.1	14.2	15.8	9.0	-	9.0
1974-----	7.3	14.3	15.5	13.1	10.9	-	10.9
1974:	:	:	:	:	:	:	:
January-June-----	8.1	14.2	15.5	14.9	11.5	-	11.5
1975:	:	:	:	:	:	:	:
January-June-----	7.4	12.3	23.3	11.0	11.3	-	11.3
	:	:	:	:	:	:	:

1/ Less than 0.05 percent.

Source: Compiled from data presented in tables 10 and 47 of this report.

Table 52.--U.S.-Canadian-type passenger automobiles: U.S. exports to Canada larger than (+) or smaller than (-) U.S. imports from Canada, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	:General: :Motors :	Ford :	Chrysler :	AMC :	Big Four :	All :other:	Total
1960-----	+11 :	- :	+2 :	+12 :	+25 :	<u>1/</u> :	+25
1961-----	+8 :	+2 :	+1 :	+4 :	+15 :	<u>1/</u> :	+15
1962-----	+8 :	+1 :	+6 :	+1 :	+16 :	<u>1/</u> :	+16
1963-----	+5 :	+1 :	<u>1/</u> :	<u>1/</u> :	+6 :	<u>1/</u> :	+6
1964-----	+6 :	+7 :	<u>1/</u> :	<u>1/</u> :	+13 :	-10 :	+3
1965-----	+8 :	+16 :	- :	+1 :	+25 :	-11 :	+14
1966-----	+21 :	-14 :	-42 :	-2 :	-37 :	-2 :	-39
1967-----	-21 :	-14 :	-33 :	-12 :	-80 :	<u>1/</u> :	-80
1968-----	-33 :	-76 :	-62 :	-20 :	-191 :	<u>1/</u> :	-191
1969-----	-98 :	-203 :	-71 :	-19 :	-391 :	<u>1/</u> :	-391
1970-----	-51 :	-244 :	-111 :	-30 :	-436 :	<u>1/</u> :	-436
1971-----	-99 :	-209 :	-93 :	-27 :	-428 :	<u>1/</u> :	-428
1972-----	-66 :	-247 :	-104 :	-38 :	-455 :	<u>1/</u> :	-455
1973-----	-60 :	-212 :	-68 :	-46 :	-386 :	<u>1/</u> :	-386
1974-----	-118 :	-154 :	-26 :	-19 :	-317 :	<u>1/</u> :	-317
1974:	:	:	:	:	:	:	:
January-June-----	-66 :	-84 :	-15 :	-18 :	-183 :	<u>1/</u> :	-183
1975:	:	:	:	:	:	:	:
January-June-----	-22 :	-36 :	-36 :	-6 :	-100 :	<u>1/</u> :	-100

1/ Fewer than 500 vehicles.

Source: Compiled from data presented in tables 40 and 47 of this report.

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Table 53.--New trucks and buses: U.S. consumption, Canadian consumption, and total U.S.-Canadian consumption, 1960-74, January-June 1974, and January-June 1975

Year	United States	Canada	Total	Canada as a percent of the total
	1,000 units	1,000 units	1,000 units	Percent
1960-----	944	74	1,018	7.3
1961-----	918	74	992	7.5
1962-----	1,069	81	1,150	7.0
1963-----	1,244	91	1,335	6.8
1964-----	1,362	104	1,466	7.1
1965-----	1,529	115	1,644	7.0
1966-----	1,611	128	1,739	7.4
1967-----	1,534	131	1,665	7.9
1968-----	1,775	142	1,917	7.4
1969-----	1,889	153	2,042	7.5
1970-----	1,790	129	1,919	6.7
1971-----	1,993	144	2,137	6.7
1972-----	2,514	182	2,696	6.8
1973-----	3,029	235	3,264	7.2
1974-----	2,657	272	2,929	9.3
1974:				
January-June-----	1,298	119	1,417	8.4
1975:				
January-June-----	1,072	125	1,197	10.4

Source: Partly estimated from registration and retail sales data published in Automotive News, Ward's Automotive Reports, and Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

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Table 54.--New trucks and buses: U.S. consumption of U.S.-Canadian-type vehicles, U.S. consumption of Non-U.S.-Canadian-type vehicles, and total U.S. consumption of trucks and buses, 1960-74, January-June 1974, and January-June 1975

Year	U.S.- Canadian type	Non-U.S.- Canadian type	Total	Non-U.S.- Canadian-type as a percent of the total
	1,000 units	1,000 units	1,000 units	Percent
1960-----	900	44	944	4.7
1961-----	884	34	918	3.7
1962-----	1,031	38	1,069	3.6
1963-----	1,197	47	1,244	3.8
1964-----	1,312	50	1,362	3.7
1965-----	1,506	23	1,529	1.5
1966-----	1,584	27	1,611	1.7
1967-----	1,505	29	1,534	1.9
1968-----	1,742	33	1,775	1.9
1969-----	1,837	52	1,889	2.8
1970-----	1,706	84	1,790	4.7
1971-----	1,885	108	1,993	5.4
1972-----	2,393	121	2,514	4.8
1973-----	2,851	178	3,029	5.9
1974-----	2,514	143	2,657	5.4
1974:	:	:	:	:
Jan.-June----	1,243	55	1,298	4.2
1975:	:	:	:	:
Jan.-June----	1,005	67	1,072	6.3

Source: Compiled from registration and retail sales data published in Automotive News, and Ward's Automotive Reports and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 55.--New trucks and buses: Canadian consumption of U.S.-Canadian-type vehicles, Canadian consumption of Non-U.S.-Canadian-type vehicles, and total Canadian consumption of trucks and buses, 1960-74, January-June 1974, and January-June 1975

Year	U.S.- Canadian type	Non-U.S.- Canadian-type	Total	Non-U.S.- Canadian-type as a percent of the total
	1,000 units	1,000 units	1,000 units	Percent
1960-----	67	7	74	9.5
1961-----	68	6	74	8.1
1962-----	77	4	81	4.9
1963-----	88	3	91	3.3
1964-----	101	3	104	1.7
1965-----	113	2	115	2.2
1966-----	126	2	128	1.8
1967-----	128	3	131	2.1
1968-----	137	5	142	3.6
1969-----	146	7	153	4.6
1970-----	120	9	129	7.2
1971-----	132	12	144	8.3
1972-----	165	17	182	9.3
1973-----	215	20	235	8.5
1974-----	257	15	272	5.5
1974:				
Jan.-June----	113	6	119	5.0
1975:				
Jan.-June----	120	5	125	4.0

Source: Compiled from registration and retail sales data published in Automotive News, Ward's Automotive Reports, and Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

Table 56.--All trucks and buses: Total registrations in the United States, total registrations in Canada, and total registrations in the United States and Canada, 1960-74

Year	United States	Canada	Total	Canada as a percent of the total
	1,000 units	1,000 units	1,000 units	Percent
1960-----	12,210	1,117	13,327	8.4
1961-----	12,566	1,157	13,723	8.4
1962-----	13,094	1,210	14,304	8.5
1963-----	13,721	1,249	14,970	8.3
1964-----	14,325	1,297	15,622	8.3
1965-----	15,097	1,345	16,442	8.2
1966-----	15,839	1,447	17,286	8.4
1967-----	16,531	1,491	18,022	8.3
1968-----	17,346	1,587	18,933	8.4
1969-----	18,235	1,683	19,918	8.4
1970-----	19,127	1,738	20,865	8.3
1971-----	20,200	1,856	22,056	8.4
1972-----	21,646	2,045	23,691	8.6
1973-----	23,658	2,241	25,899	8.7
1974-----	25,464	2,400	27,864	8.6

Source: Partly estimated from data published in Automotive News, Ward's Automotive Reports, and Canadian Automotive Trade, and from material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

Table 57.--Population per each new truck or bus sold/registered:
 United States, Canada, and total, 1960-74, January-June 1974, and
 January-June 1975

(Number of persons per new vehicle sold)			
Year	United States	Canada	Total
1960-----	190.7	241.2	194.4
1961-----	199.4	246.5	202.9
1962-----	174.0	221.4	177.4
1963-----	151.7	207.6	155.5
1964-----	140.6	183.7	143.6
1965-----	126.9	170.2	129.9
1966-----	121.9	156.4	124.4
1967-----	129.5	155.2	131.5
1968-----	112.7	145.8	115.2
1969-----	107.0	137.3	109.3
1970-----	114.4	165.3	117.8
1971-----	103.6	149.8	106.7
1972-----	82.9	119.7	85.4
1973-----	69.3	94.0	71.1
1974-----	79.6	82.3	79.9
1974:	:	:	:
January-June-----	163.0 (79.6)	188.1 (82.3)	165.1 (79.9)
1975:	:	:	:
January-June-----	198.8 (97.1)	181.9 (79.5)	197.1 (95.4)

Source: Compiled from data presented in tables 5 and 55 of this report.

Note.--Data in parentheses are annual projections for the years shown.

Table 58.--Population per each truck or bus registered:
United States, Canada, and total, 1960-74

(Number of persons per vehicle registered)

Year	United States	Canada	Total
1960-----	14.7 :	16.0 :	14.8
1961-----	14.6 :	15.8 :	14.7
1962-----	14.2 :	15.4 :	15.6
1963-----	13.8 :	15.1 :	13.9
1964-----	13.4 :	14.7 :	13.5
1965-----	12.9 :	14.6 :	13.0
1966-----	12.4 :	13.8 :	12.5
1967-----	12.0 :	13.6 :	12.1
1968-----	11.5 :	13.0 :	11.7
1969-----	11.1 :	12.5 :	11.2
1970-----	10.7 :	12.3 :	10.8
1971-----	10.2 :	8.6 :	10.3
1972-----	9.6 :	9.4 :	9.7
1973-----	8.9 :	10.0 :	9.0
1974-----	8.3 :	9.5 :	8.5

Source: Compiled from data presented in tables 5 and 56 of this report.

Table 59.--U.S.-Canadian-type trucks and buses: U.S. consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International: Harvester	Mack	White	All Other	Total
1960-----	400	281	44	31	756	110	11	14	9	900
1961-----	376	289	40	33	738	117	9	13	7	884
1962-----	447	332	56	30	865	131	10	15	10	1,031
1963-----	513	382	75	44	1,014	145	12	16	10	1,197
1964-----	583	405	98	44	1,130	148	12	17	5	1,312
1965-----	686	477	117	42	1,322	148	13	19	4	1,506
1966-----	701	522	120	43	1,386	156	15	21	6	1,584
1967-----	666	495	101	40	1,302	151	13	17	4	1,487
1968-----	760	625	138	38	1,561	141	15	20	5	1,742
1969-----	810	679	130	36	1,655	138	16	21	7	1,837
1970-----	684	667	138	34	1,523	143	18	18	4	1,706
1971-----	791	701	160	36	1,688	158	16	17	6	1,885
1972-----	978	859	269	51	2,157	189	20	21	6	2,393
1973-----	1,205	995	325	68	2,593	200	24	26	8	2,851
1974-----	1,044	865	292	97	2,298	161	23	25	7	2,514
January-June 1974-----	519	426	138	49	1,132	74	12	5	20	1,243
January-June 1975-----	434	331	122	38	925	56	7	3	14	1,005

Source: Compiled from registration data published in Automotive News and Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 60.--U.S.-Canadian-type trucks and buses: Share of U.S. consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)

Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International Harvester	Mack	White	All Other	Total
1960	44.5	31.2	4.9	3.4	84.0	12.2	1.2	1.6	1.0	100.0
1961	42.5	32.7	4.5	3.7	83.4	13.2	1.0	1.6	.8	100.0
1962	43.3	32.2	5.4	2.9	83.8	12.7	1.0	1.5	1.0	100.0
1963	42.9	31.9	6.3	3.7	84.8	12.1	1.0	1.3	.8	100.0
1964	44.3	30.9	7.5	3.4	86.1	11.3	.9	1.3	.4	100.0
1965	45.4	31.7	7.8	2.8	87.7	9.8	.9	1.3	.3	100.0
1966	44.3	33.0	7.6	2.7	87.6	9.8	.9	1.3	.4	100.0
1967	44.4	33.3	6.8	2.7	87.5	10.2	.9	1.1	.3	100.0
1968	43.6	35.9	7.9	2.2	89.6	8.1	.9	1.1	.3	100.0
1969	44.0	37.0	7.1	2.0	90.1	7.5	.9	1.1	.4	100.0
1970	40.0	39.1	8.1	2.0	89.2	8.4	1.1	1.1	.2	100.0
1971	42.0	37.2	8.5	1.9	89.6	8.4	.8	.9	.3	100.0
1972	40.9	35.9	11.2	2.1	90.1	7.9	.8	.9	.3	100.0
1973	42.3	34.9	11.4	2.4	91.0	7.0	.8	.9	.3	100.0
1974	41.5	34.4	11.6	3.9	91.4	6.4	.9	1.0	.3	100.0
January-June 1974	41.8	34.3	11.1	3.9	91.1	6.0	1.0	.4	1.5	100.0
January-June 1975	43.2	32.9	12.1	3.8	92.0	5.6	.7	.3	1.4	100.0

Source: Compiled from data presented in table 59 of this report.

Table 61.--U.S.-Canadian-type trucks and buses: Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International: Harvester	Mack	White	All Other	Total
1960-----	32	15	5	1/	1/	12	1/	1/	1/	67
1961-----	31	17	6	1	55	11	1/	1/	1/	68
1962-----	35	21	6	1	63	11	1	1	1	77
1963-----	40	26	8	1	75	11	2/	1	1	88
1964-----	45	30	11	1	87	11	1	1	1	101
1965-----	49	31	15	1	96	13	1	1	2	113
1966-----	54	39	16	1	110	13	1	1	1	126
1967-----	52	43	15	2	112	13	1	1	1	128
1968-----	56	51	16	1	124	10	1	1	1	137
1969-----	61	54	16	1	132	11	1	1	1	146
1970-----	46	46	15	1	108	9	1	1	1	120
1971-----	52	49	17	1	119	10	1	1	1	132
1972-----	63	56	26	2	147	12	2	2	2	165
1973-----	87	73	32	3	195	14	2	2	2	215
1974-----	100	86	47	4	237	13	2	2	3	257
January-June										
1974-----	45	39	18	2	104	6	1	1	1	113
January-June										
1975-----	50	40	19	2	111	6	1	1	1	120

1/ Not available.

2/ Fewer than 500 vehicles.

Source: Partly estimated from registration and retail sales data published in Automotive News, Ward's Automotive Reports, and Canadian Automotive Trade, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

Table 62.--U.S.-Canadian-type trucks and buses: Share of Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)

Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International Harvester	Mack	White	All Other	Total
1960-----	47.7	22.4	7.5	1/	1/	17.9	1/	1/	1/	100.0
1961-----	45.6	25.0	8.8	1.5	80.9	16.2	1/	1/	1/	100.0
1962-----	45.4	27.3	7.8	1.3	81.8	14.3	1.3	1.3	1.3	100.0
1963-----	45.5	29.5	9.1	1.1	85.2	12.5	.5	1.1	1.1	100.0
1964-----	44.5	29.7	10.9	1.0	86.1	10.9	1.0	1.0	1.0	100.0
1965-----	43.4	27.4	13.3	.9	85.0	11.4	.9	.9	1.8	100.0
1966-----	42.7	31.0	12.7	.8	87.2	10.4	.8	.8	.8	100.0
1967-----	40.6	33.6	11.7	1.6	87.5	10.1	.8	.8	.8	100.0
1968-----	41.0	37.2	11.7	.7	90.6	7.3	.7	.7	.7	100.0
1969-----	41.7	37.0	11.0	.7	90.4	7.5	.7	.7	.7	100.0
1970-----	38.4	38.4	12.5	.8	90.1	7.5	.8	.8	.8	100.0
1971-----	39.4	37.1	12.9	.8	90.2	7.5	.7	.8	.8	100.0
1972-----	38.2	33.9	15.8	1.2	89.1	7.3	1.2	1.2	1.2	100.0
1973-----	40.4	34.0	14.9	1.4	90.7	6.6	.9	.9	.9	100.0
1974-----	40.4	34.0	14.9	1.4	90.7	6.6	.9	.9	.9	100.0
1974-----	38.8	33.5	18.3	1.6	92.2	5.0	.8	.8	1.2	100.0
January-June 1974-----	39.8	34.5	15.9	1.8	92.0	5.3	.9	.9	.9	100.0
January-June 1975-----	41.7	33.3	15.8	1.7	92.5	5.1	.8	.8	.8	100.0

1/ Not available.

Source: Compiled from data presented in table 61 of this report.

Table 63.--U.S.-Canadian-type trucks and buses: U.S.-Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International: Harvester	Mack	White	All Other	Total
1960	432	296	49	1/	1/	122	1/	1/	1/	967
1961	407	306	46	34	793	128	1/	1/	1/	952
1962	482	353	62	31	928	142	11	16	11	1,108
1963	553	408	83	45	1,089	156	12	17	11	1,285
1964	628	435	109	45	1,217	159	13	18	6	1,413
1965	735	508	132	43	1,418	161	14	20	6	1,619
1966	755	561	136	44	1,496	169	16	22	7	1,710
1967	718	538	116	42	1,414	164	14	18	5	1,615
1968	816	676	154	39	1,685	151	16	21	6	1,879
1969	871	733	146	37	1,787	149	17	22	8	1,983
1970	730	713	153	35	1,631	152	19	19	5	1,826
1971	843	750	177	37	1,807	168	17	18	7	2,017
1972	1,041	915	295	53	2,304	201	22	23	8	2,558
1973	1,292	1,068	357	71	2,788	214	26	28	10	3,066
1974	1,144	951	339	101	2,535	174	25	27	10	2,771
January-June 1974	564	465	156	51	1,236	80	13	6	21	1,356
January-June 1975	484	371	141	40	1,036	62	8	4	15	1,125

1/ Not available.

Source: Compiled from data presented in tables 59 and 61 of this report.

Table 64.--U.S.-Canadian-type trucks and buses: Share of U.S.-Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)										
Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International Harvester	Mack	White	All Other	Total
1960-----	44.7	30.6	5.1	1/	1/	12.6	1/	1/	1/	100.0
1961-----	42.8	32.1	4.8	3.6	83.3	13.4	1/	1/	1/	100.0
1962-----	43.5	31.9	5.6	2.8	83.8	12.8	1.0	1.4	1.0	100.0
1963-----	43.0	31.8	6.5	3.5	84.8	12.1	.9	1.3	.9	100.0
1964-----	44.4	30.8	7.7	3.2	86.1	11.3	.9	1.3	.4	100.0
1965-----	45.3	31.4	8.2	2.7	87.6	9.9	.9	1.2	.4	100.0
1966-----	44.1	32.8	8.0	2.6	87.5	9.9	.9	1.3	.4	100.0
1967-----	44.5	33.3	7.2	2.6	87.6	10.2	.9	1.1	.3	100.0
1968-----	43.4	36.0	8.2	2.1	89.7	8.0	.9	1.1	.3	100.0
1969-----	43.8	37.0	7.4	1.9	90.1	7.5	.9	1.1	.4	100.0
1970-----	40.1	39.0	8.4	1.9	89.4	8.3	1.0	1.0	.3	100.0
1971-----	41.9	37.2	8.8	1.8	89.7	8.3	.8	.9	.3	100.0
1972-----	40.6	35.8	11.5	2.1	90.0	7.9	.9	.9	.3	100.0
1973-----	42.3	34.8	11.6	2.3	91.0	7.0	.8	.9	.3	100.0
1974-----	41.3	34.3	12.2	3.6	91.4	6.3	.9	1.0	.4	100.0
January-June 1974-----	41.6	34.3	11.5	3.8	91.2	5.9	1.0	.4	1.5	100.0
January-June 1975-----	43.0	33.0	12.5	3.6	92.1	5.5	.7	.4	1.3	100.0

1/ Not available.

Source: Compiled from data presented in table 63 of this report.

Table 65.--U.S.-Canadian-type trucks and buses: Canadian consumption as a share of total U.S.-Canadian consumption, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)

Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International: Harvester	Mack	White	All Other	Total
1960-----	7.4	5.1	10.2	1/	1/	9.8	1/	1/	1/	6.9
1961-----	7.6	5.6	13.0	2.7	6.9	8.6	1/	1/	1/	7.1
1962-----	7.3	5.9	9.7	2.8	6.8	7.7	4.8	5.5	9.1	6.9
1963-----	7.2	6.4	9.6	1.9	6.9	7.1	3.8	4.6	9.1	6.8
1964-----	7.2	6.9	10.1	2.5	7.1	6.9	5.2	5.5	16.7	7.1
1965-----	6.7	6.1	11.4	3.2	6.8	8.1	5.8	5.9	33.3	7.0
1966-----	7.2	7.0	11.8	3.2	7.4	7.7	5.2	5.7	14.3	7.4
1967-----	7.2	8.0	12.9	3.7	7.9	7.9	5.9	6.9	20.0	7.9
1968-----	6.9	7.5	10.4	3.6	7.4	6.6	4.8	5.4	16.7	7.3
1969-----	7.0	7.4	11.0	3.2	7.4	7.4	5.0	6.5	12.5	7.4
1970-----	6.3	6.5	9.8	1.5	6.6	5.9	4.8	5.1	20.0	6.6
1971-----	6.2	6.5	9.6	2.2	6.6	6.0	5.2	7.0	14.3	6.5
1972-----	6.1	6.1	8.8	2.9	6.4	6.0	7.3	6.7	25.0	6.5
1973-----	6.7	6.8	9.0	3.6	7.0	6.5	8.3	7.0	20.0	7.0
1974-----	8.7	9.0	13.9	4.0	9.3	7.5	8.0	7.4	30.0	9.3
January-June	:	:	:	:	:	:	:	:	:	:
1974-----	8.0	8.4	11.5	3.9	8.4	7.5	7.7	16.7	4.8	8.3
January-June	:	:	:	:	:	:	:	:	:	:
1975-----	10.3	10.8	13.5	5.0	10.7	9.7	12.5	25.0	6.7	10.7

1/ Not available.

Source: Compiled from data presented in tables 61 and 63 of this report.

Table 66.--U.S.-Canadian-type trucks and buses: U.S. production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International Harvester	Mack	White	All Other	Total
1960-----	499	338	70	122	1,029	120	14	18	21	1,202
1961-----	419	339	65	124	947	143	9	19	13	1,131
1962-----	488	376	96	86	1,046	147	14	26	21	1,254
1963-----	584	425	111	111	1,231	168	16	28	21	1,464
1964-----	635	458	136	121	1,350	167	14	21	8	1,560
1965-----	757	547	143	109	1,556	172	20	27	8	1,783
1966-----	749	526	153	100	1,528	170	20	32	9	1,759
1967-----	679	427	142	117	1,365	168	17	25	9	1,584
1968-----	828	623	174	118	1,743	146	19	30	11	1,949
1969-----	831	640	165	93	1,729	160	23	32	13	1,957
1970-----	613	627	179	86	1,505	155	22	22	13	1,717
1971-----	912	629	230	86	1,857	186	19	23	13	2,098
1972-----	966	796	326	108	2,196	208	27	23	18	2,472
1973-----	1,258	946	378	132	2,714	208	31	27	27	3,007
1974-----	1,087	893	362	131	2,473	178	31	29	32	2,743
January-June 1974-----	606	454	186	69	1,315	97	17	14	17	1,460
January-June 1975-----	475	311	128	72	986	63	13	6	6	1,074

Source: Compiled from production data published in Automotive News and Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 67.--U.S.-Canadian-type trucks and buses: Share of U.S. production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)										
Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International: Harvester	Mack	White	All Other	Total
1960-----	41.6	28.1	5.8	10.1	85.6	10.0	1.2	1.5	1.7	100.0
1961-----	37.1	30.0	5.7	11.0	83.8	12.6	0.8	1.7	1.1	100.0
1962-----	38.8	30.0	7.7	6.9	83.4	11.7	1.1	2.1	1.7	100.0
1963-----	39.9	29.0	7.6	7.6	84.1	11.5	1.1	1.9	1.4	100.0
1964-----	40.7	29.4	8.7	7.8	86.6	10.7	0.9	1.3	0.5	100.0
1965-----	42.6	30.7	8.0	6.1	87.4	9.6	1.1	1.5	0.4	100.0
1966-----	42.6	29.9	8.7	5.7	86.9	9.7	1.1	1.8	0.5	100.0
1967-----	42.7	27.0	9.0	7.4	86.1	10.6	1.1	1.6	0.6	100.0
1968-----	42.4	32.0	8.9	6.1	89.4	7.5	1.0	1.5	0.6	100.0
1969-----	42.4	32.7	8.4	4.8	88.3	8.2	1.2	1.6	0.7	100.0
1970-----	35.7	36.5	10.4	5.0	87.6	9.0	1.3	1.3	0.8	100.0
1971-----	43.4	30.0	11.0	4.1	88.5	8.9	0.9	1.1	0.6	100.0
1972-----	39.1	32.2	13.2	4.4	88.9	8.4	1.1	0.9	0.7	100.0
1973-----	41.9	31.4	12.6	4.4	90.3	6.9	1.0	0.9	0.9	100.0
1974-----	39.5	32.6	13.2	4.8	90.1	6.5	1.1	1.1	1.2	100.0
January-June 1974-----	41.5	31.1	12.7	4.7	90.0	6.6	1.2	1.0	1.2	100.0
January-June 1975-----	44.1	29.0	11.9	6.7	91.7	5.9	1.2	0.6	0.6	100.0

Source: Compiled from data presented in table 66 of this report.

Table 68.--U.S.-Canadian-type trucks and buses: Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)											
Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International Harvester	Mack	White	All Other	Total	
1960-----	34	19	6	-	59	11	-	-	-	70	
1961-----	29	17	6	-	52	11	-	-	-	63	
1962-----	38	26	6	-	70	10	-	-	-	80	
1963-----	43	33	10	-	86	12	-	-	-	98	
1964-----	47	37	13	-	97	12	-	-	-	109	
1965-----	68	44	17	-	129	13	-	1	-	143	
1966-----	70	96	17	3	186	13	-	1	-	200	
1967-----	74	119	16	2	211	14	-	1	-	226	
1968-----	86	158	17	3	264	13	-	1	-	278	
1969-----	106	176	16	2	300	13	1	1	-	315	
1970-----	68	140	10	-	218	14	1	1	-	234	
1971-----	101	145	17	-	263	13	1	1	-	278	
1972-----	105	156	26	-	287	15	1	2	-	305	
1973-----	137	167	23	-	327	20	3	3	-	353	
1974-----	153	136	25	-	314	17	5	3	-	339	
January-June 1974-----	90	85	13	-	188	11	2	1	-	202	
January-June 1975-----	91	79	14	-	184	11	3	1	-	199	

Source: Compiled from production data published in Automotive News and Ward's Automotive Reports, and materials supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

Table 69.--U.S.-Canadian-type trucks and buses: Share of Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In percent)										
Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International Harvester	Mack	White	All Other	Total
1960-----	48.6	27.1	8.6	-	84.3	15.7	-	-	-	100.0
1961-----	46.0	27.0	9.5	-	82.5	17.5	-	-	-	100.0
1962-----	47.5	32.5	7.5	-	87.5	12.5	-	-	-	100.0
1963-----	43.9	33.7	10.2	-	87.8	12.2	-	-	-	100.0
1964-----	43.2	33.9	11.9	-	89.0	11.0	-	-	-	100.0
1965-----	47.5	30.8	11.9	-	90.2	9.1	-	0.7	-	100.0
1966-----	35.0	48.0	8.5	1.5	93.0	6.5	-	0.5	-	100.0
1967-----	32.7	52.7	7.1	0.9	93.4	6.2	-	0.4	-	100.0
1968-----	30.9	56.8	6.1	1.1	94.9	4.7	-	0.4	-	100.0
1969-----	33.7	55.9	5.1	0.6	95.3	4.1	0.3	0.3	-	100.0
1970-----	29.1	59.8	4.3	-	93.2	6.0	0.4	0.4	-	100.0
1971-----	36.3	52.1	6.1	-	94.5	4.7	0.4	0.4	-	100.0
1972-----	34.4	51.2	8.5	-	94.1	4.9	0.3	0.7	-	100.0
1973-----	38.8	47.4	6.5	-	92.7	5.7	0.8	0.8	-	100.0
1974-----	45.1	40.1	7.4	-	92.6	5.0	1.5	0.9	-	100.0
January-June										
1974-----	44.6	42.1	6.4	-	93.1	5.4	1.0	0.5	-	100.0
January-June										
1975-----	45.8	39.7	7.0	-	92.5	5.5	1.5	0.5	-	100.0

Source: Compiled from data presented in table 68 of this report.

Table 70.--U.S.-Canadian-type trucks and buses: U.S.-Canadian production, by manufacturer, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International Harvester	Mack	White	All Other	Total
1960-----	533	357	76	122	1,088	131	14	18	21	1,272
1961-----	448	356	71	124	999	154	9	19	13	1,194
1962-----	526	402	102	86	1,116	157	14	26	21	1,334
1963-----	627	458	121	111	1,317	180	16	28	21	1,562
1964-----	682	495	149	121	1,447	179	14	21	8	1,669
1965-----	825	591	160	109	1,685	185	20	28	8	1,926
1966-----	819	622	170	103	1,714	183	20	33	9	1,959
1967-----	753	546	158	119	1,576	182	17	26	9	1,810
1968-----	914	781	191	121	2,007	159	19	31	11	2,227
1969-----	937	816	181	95	2,029	173	24	33	13	2,272
1970-----	681	767	189	86	1,723	169	23	23	13	1,951
1971-----	1,013	774	247	86	2,120	199	20	24	13	2,376
1972-----	1,071	952	352	108	2,483	223	28	25	18	2,777
1973-----	1,395	1,113	401	132	3,041	228	34	30	27	3,360
1974-----	1,240	1,029	387	131	2,787	195	36	32	32	3,082
January-June										
1974-----	696	539	199	69	1,503	108	19	15	17	1,662
January-June										
1975-----	566	390	142	72	1,170	74	16	7	6	1,273

Source: Compiled from data presented in tables 66 and 68 of this report.

Table 71. - U.S. Canadian type trucks and buses - share of total production by manufacturer, 1960-74, January-June 1974, and January-June 1975

Year	(In percent)									
	GM	Ford	Chrysler	AMC Jeep	BMC Ford	International Harvester	Max	White	All Other	Total
1960	41.8	28.1	6.0	9.6	85.5	10.5	1.1	4.1	1.0	100.0
1961	37.5	29.8	5.9	10.4	83.6	11.9	0.8	1.6	1.1	100.0
1962	39.6	30.1	7.6	6.4	83.7	11.8	1.0	1.9	0.6	100.0
1963	40.3	29.3	7.7	7.1	84.4	11.5	1.0	1.8	0.5	100.0
1964	40.9	29.7	8.9	7.2	86.7	10.7	0.8	1.5	0.5	100.0
1965	42.8	30.7	8.3	5.7	87.5	9.6	1.0	1.5	0.4	100.0
1966	41.7	31.8	8.7	5.5	87.5	9.5	1.0	1.5	0.5	100.0
1967	41.6	30.2	8.7	6.6	87.1	10.1	0.9	1.4	0.5	100.0
1968	41.0	35.1	8.6	5.8	90.1	7.1	0.9	1.4	0.5	100.0
1969	41.1	35.9	8.0	4.2	89.2	7.6	1.1	1.5	0.6	100.0
1970	34.9	39.2	9.7	4.4	88.2	8.7	1.2	1.2	0.7	100.0
1971	42.7	32.6	10.4	3.6	89.3	8.4	0.8	1.0	0.5	100.0
1972	38.6	34.3	12.7	3.9	89.5	8.0	1.0	0.9	0.6	100.0
1973	41.6	33.1	11.9	3.9	90.5	6.8	1.0	0.9	0.8	100.0
1974	40.2	35.4	12.6	4.3	90.5	6.3	1.2	1.0	1.0	100.0
January-June 1974	41.9	32.4	12.0	4.2	90.5	6.5	1.1	0.9	1.0	100.0
January-June 1975	44.5	30.6	11.1	5.7	91.9	5.8	1.3	0.5	0.5	100.0

Source: Compiled from data presented in table 70 of this report.

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Table 72.--U.S.-Canadian-type trucks and buses: Canadian share of U.S.-Canadian production, 1960-74, January-June 1974, and January-June 1975

(In percent)										
Year	GM	Ford	Chrysler	AMC Jeep	Big Four	International Harvester	Mack	White	All Other	Total
1960-----	6.4	5.3	7.9	-	5.4	8.4	-	-	-	5.5
1961-----	6.5	4.8	8.5	-	5.2	7.1	-	-	-	5.3
1962-----	7.2	6.5	5.9	-	6.3	6.4	-	-	-	6.0
1963-----	6.9	7.2	8.3	-	6.5	6.7	-	-	-	6.3
1964-----	6.9	7.5	8.7	-	6.7	6.7	-	-	-	6.5
1965-----	8.2	7.4	10.6	-	7.7	7.0	-	2.8	-	7.4
1966-----	8.5	15.4	10.0	2.9	10.9	7.1	-	2.6	-	10.2
1967-----	9.8	21.8	10.1	1.7	13.4	7.7	-	3.3	-	12.5
1968-----	9.4	20.2	8.9	2.5	13.2	8.2	-	3.3	-	12.5
1969-----	11.3	21.6	8.8	2.1	14.8	7.5	4.0	3.9	-	13.9
1970-----	10.0	18.3	5.3	-	12.7	8.3	4.6	5.7	-	12.0
1971-----	10.0	18.7	6.9	-	12.4	6.5	5.7	6.6	-	11.7
1972-----	9.8	16.4	7.4	-	11.6	6.7	4.7	7.9	-	11.0
1973-----	9.8	15.0	5.7	-	10.8	8.8	9.9	8.6	-	10.5
1974-----	12.3	13.2	6.5	-	11.3	8.7	14.0	8.7	-	11.0
January-June 1974-----	12.9	15.8	6.5	-	12.5	10.2	12.6	9.6	-	12.2
January-June 1975-----	16.1	20.3	9.9	-	15.7	14.9	15.7	11.0	-	15.6

Source: Compiled from data presented in tables 68 and 70 of this report.

Table 73.--U.S.-Canadian-type trucks and buses: U.S. exports to Canada, U.S. exports to all other countries, and total U.S. exports, 1960-74, January-June 1974, and January-June 1975

Year	U.S. exports:	All other	Total	Exports to
	Canada	exports		Canada as a
	1,000 units	1,000 units	1,000 units	Percent
1960	5	211	216	2.2
1961	6	203	209	3.0
1962	3	135	138	2.2
1963	3	144	147	1.9
1964	3	160	163	1.7
1965	10	126	136	7.0
1966	20	105	125	16.0
1967	35	90	125	28.0
1968	48	83	131	36.6
1969	60	82	142	42.3
1970	54	73	127	42.5
1971	69	70	139	49.6
1972	94	58	152	61.8
1973	120	72	192	62.5
1974	168	90	258	65.1
Jan.-June 1974	94	45	139	67.6
Jan.-June 1975	70	71	141	49.6

Source: Compiled from data on the destination of factory shipments supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States).

Table 74.--All trucks and buses: U.S. exports to Canada, Canadian imports from all other countries, and total Canadian imports, 1960-74, January-June 1974, and January-June 1975

Year	U.S. exports	All other	Total	U.S. exports
	to	Canadian		to Canada as a
	Canada	imports		percent of
				total Canadian
				imports
	1,000 units	1,000 units	1,000 units	Percent
1960-----	5	44	49	9.9
1961-----	6	34	40	15.7
1962-----	3	38	41	7.5
1963-----	3	47	50	5.6
1964-----	3	50	53	5.4
1965-----	10	23	33	28.9
1966-----	20	27	47	42.6
1967-----	35	29	64	54.7
1968-----	48	33	81	59.3
1969-----	60	52	112	53.6
1970-----	54	84	138	39.1
1971-----	69	108	177	39.0
1972-----	94	121	215	43.7
1973-----	120	178	298	40.3
1974-----	168	143	311	54.0
Jan.-June 1974----	94	88	182	51.6
Jan.-June 1975----	70	116	186	37.6

Source: Compiled from factory shipments, registration and retail sales data published in Automotive News, and Ward's Automotive Reports, and material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada).

Table 75.--U.S.-Canadian-type trucks and buses: U.S. exports to Canada as a percent of U.S. production, and as a percent of Canadian consumption, 1960-74, January-June 1974, and January-June 1975

(In percent)		
Year	U.S. exports to Canada as a percent of U.S. production	U.S. exports to Canada as a percent of Canadian consumption
1960-----	0.4	7.2
1961-----	.6	9.3
1962-----	.2	4.0
1963-----	.2	3.2
1964-----	.2	2.8
1965-----	.5	8.5
1966-----	1.1	16.7
1967-----	2.2	27.3
1968-----	2.5	35.0
1969-----	3.1	41.1
1970-----	3.1	45.0
1971-----	3.3	52.3
1972-----	3.8	57.0
1973-----	4.0	55.8
1974-----	6.1	65.4
1974:	:	:
January-June-----	6.4	83.2
1975:	:	:
January-June-----	6.5	58.3

Source: Compiled from data presented in tables 61, 66, and 73 of this report.

Table 76.--U.S.-Canadian-type trucks and buses: U.S. imports from Canada, Canadian exports to all other countries, and total Canadian exports, 1960-74, January-June 1974, and January-June 1975

Year	U.S. imports	All other	Total	U.S. imports
	from	Canadian		from Canada as
	Canada	Exports		total Canadian
	1,000 units	1,000 units	1,000 units	Percent
1960-----	<u>1/</u>	4	4	<u>2/</u>
1961-----	<u>1/</u>	3	3	<u>2/</u>
1962-----	<u>1/</u>	4	4	<u>2/</u>
1963-----	<u>1/</u>	4	4	<u>2/</u>
1964-----	<u>1/</u>	7	7	<u>2/</u>
1965-----	8	15	23	34.8
1966-----	59	23	82	72.0
1967-----	95	30	125	76.0
1968-----	143	34	177	80.8
1969-----	198	30	228	86.8
1970-----	158	32	190	83.2
1971-----	167	30	197	84.8
1972-----	204	23	227	89.9
1973-----	215	27	242	88.8
1974-----	189	40	229	82.5
Jan.-June 1974----	103	22	125	82.4
Jan.-June 1975----	93	28	121	76.9

1/ Fewer than 500 vehicles.

2/ Less than 5 percent.

Source: Compiled from data on the destination of factory sales supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States) and individual U.S. producers.

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Table 77.-- U.S.-Canadian-type trucks and buses: U.S. imports from Canada, U.S. imports from all other sources, and total U.S. imports, 1960-74, January-June 1974, and January-June 1975

Year	U.S. imports from Canada	All other U.S. imports	Total	Imports from Canada as a percent of the total
	<u>1,000 units</u>	<u>1,000 units</u>	<u>1,000 units</u>	<u>Percent</u>
1960-----	1/	44	44	2/
1961-----	1/	34	34	2/
1962-----	1/	38	38	2/
1963-----	1/	47	47	2/
1964-----	1/	50	50	2/
1965-----	8	23	31	25.8
1966-----	59	27	86	68.6
1967-----	95	29	124	76.6
1968-----	143	33	176	81.3
1969-----	198	52	250	79.2
1970-----	158	84	242	65.3
1971-----	167	108	275	60.7
1972-----	204	121	325	62.8
1973-----	215	178	393	54.7
1974-----	189	143	332	56.9
1974:				
January-				
June-----	103	88	191	53.9
1975:				
January-				
June-----	93	116	209	44.5

1/ Fewer than 500 vehicles.

2/ Less than 0.05 percent.

Source: Compiled from data on the destination of factory shipments, and registration and retail sales data published in Automotive News, and Ward's Automotive Reports, material supplied to the United States International Trade Commission by the Motor Vehicle Manufacturers Association (United States and Canada), and individual producers.

Table 78.--U.S.-Canadian-type trucks and buses: U.S. imports from Canada as a percent of Canadian production, and as a percent of U.S. consumption, 1960-74, January-June 1974, and January-June 1975

(In percent)			
Year	U.S. imports from Canada as a percent of Canadian production	U.S. imports from Canada as a percent of U.S. consumption	
1960-----	1/	2/	
1961-----	1/	2/	
1962-----	1/	2/	
1963-----	1/	2/	
1964-----	1/	2/	
1965-----	5.6		0.5
1966-----	29.5		3.7
1967-----	42.0		6.4
1968-----	51.4		8.2
1969-----	62.9		10.8
1970-----	67.5		9.3
1971-----	60.1		8.9
1972-----	66.9		8.5
1973-----	60.9		7.5
1974-----	55.8		7.5
1974:			
January-June-----	51.0		8.3
1975:			
January-June-----	46.7		9.3

1/ Less than 0.5 percent.

2/ Less than 0.05 percent.

Source: Compiled from data presented in tables 59, 68, and 76 of this report.

Table 79.--U.S.-Canadian-type trucks and buses: U.S. exports to Canada, larger than (+) or smaller than (-) U.S. imports from Canada, 1960-74, January-June 1974, and January-June 1975

(In thousands of units)

Year	:U.S. exports to Canada : less U.S. imports : from Canada
1960-----	+5
1961-----	+6
1962-----	+3
1963-----	+3
1964-----	+3
1965-----	+2
1966-----	-39
1967-----	-60
1968-----	-95
1969-----	-138
1970-----	-104
1971-----	-98
1972-----	-110
1973-----	-95
1974-----	-21
1974:	:
January-June-----	-9
1975:	:
January-June-----	-23

Source: Compiled from data presented in tables 73 and 76 of this report.

Table 80.--Original-equipment motor-vehicle parts made in the United States or Canada: U.S. consumption of such articles, Canadian consumption of such articles, and United States-Canadian consumption of such articles, 1960-74, January-June 1974, and January-June 1975

Period	U.S.	Canadian	Total	Canadian
	consumption	consumption		as a percent
	Million	Million	Million	Percent
	U.S. dollars	U.S. dollars	U.S. dollars	
1960-----	8,787	539	9,326	5.8
1961-----	9,867	523	10,390	5.0
1962-----	12,251	703	12,954	5.4
1963-----	14,037	921	14,958	6.2
1964-----	14,560	977	15,537	6.3
1965-----	18,781	1,270	20,051	6.3
1966-----	18,283	1,373	19,656	7.0
1967-----	16,170	1,508	17,678	8.5
1968-----	18,696	1,999	20,695	9.7
1969-----	19,804	2,317	22,121	10.5
1970-----	16,206	2,005	18,211	11.0
1971-----	21,607	2,390	23,997	10.0
1972-----	23,853	2,278	26,131	8.7
1973-----	28,118	3,114	31,232	10.0
1974-----	27,217	3,768	30,985	12.2
January-June:				
1974-----	12,697	1,702	14,399	11.8
1975-----	14,172	1,953	16,125	12.1

Source: Partly estimated from firms' responses to the questionnaires of the United States International Trade Commission.

Table 81.--Original-equipment motor-vehicle parts: U.S. production, by class of producer, in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

Period	Motor vehicle manufacturers	Independent parts producers	Total	Independents as a percent of the total
	Million U.S. dollars	Million U.S. dollars	Million U.S. dollars	Percent
1960-----	4,718	4,374	9,092	48.1
1961-----	5,678	4,488	10,166	44.1
1962-----	7,065	5,589	12,654	44.2
1963-----	8,209	6,353	14,562	43.6
1964-----	8,465	6,629	15,094	43.9
1965-----	10,839	8,628	19,467	44.3
1966-----	10,645	8,247	18,892	43.7
1967-----	9,461	7,347	16,808	43.7
1968-----	11,222	8,242	19,464	42.3
1969-----	11,973	8,791	20,764	42.3
1970-----	9,472	7,586	17,058	44.5
1971-----	13,037	9,421	22,458	41.9
1972-----	13,799	10,454	24,253	43.1
1973-----	16,002	13,233	29,235	45.3
1974-----	16,176	12,962	29,138	44.5
1974:				
January-June---	7,492	6,056	13,548	44.7
1975:				
January-June---	7,807	7,363	15,170	48.5

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 82. --Original-equipment motor-vehicle parts: Canadian production, by class of producer, in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

Period	Motor vehicle manufacturers	Independent parts producers	Total	Independents as a percent of the total
	: Million U.S. dollars	: Million U.S. dollars	: Million U.S. dollars	: Percent
1960-----	51	183	234	78.2
1961-----	51	173	224	77.2
1962-----	67	238	305	78.0
1963-----	85	321	406	79.1
1964-----	85	377	462	81.6
1965-----	137	504	641	78.6
1966-----	258	598	856	69.9
1967-----	285	686	971	70.6
1968-----	402	939	1,341	70.0
1969-----	461	992	1,453	68.3
1970-----	488	850	1,338	63.5
1971-----	698	1,018	1,716	59.3
1972-----	859	1,207	2,066	58.4
1973-----	928	1,348	2,276	59.2
1974-----	896	1,307	2,203	59.3
1974:	:	:	:	:
January-June---	432	620	1,052	58.9
1975:	:	:	:	:
January-June---	400	676	1,076	62.8
:	:	:	:	:

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 85.--Original-equipment motor-vehicle parts: U.S.-Canadian production, by class of producer, in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

Period	Motor vehicle manufacturers	Independent parts producers	Total	Independents as a percent of the total
	Million U.S. dollars	Million U.S. dollars	Million U.S. dollars	Percent
1960-----	4,769	4,557	9,326	48.9
1961-----	5,729	4,661	10,390	44.9
1962-----	7,132	5,827	12,959	45.0
1963-----	8,294	6,674	14,968	44.6
1964-----	8,550	7,006	15,556	45.0
1965-----	10,976	9,132	20,108	45.4
1966-----	10,903	8,845	19,748	44.8
1967-----	9,746	8,033	17,779	45.2
1968-----	11,624	9,181	20,805	44.1
1969-----	12,434	9,783	22,217	44.0
1970-----	9,960	8,436	18,396	45.9
1971-----	13,735	10,439	24,174	43.2
1972-----	14,658	11,661	26,319	44.3
1973-----	16,930	14,581	31,511	46.3
1974-----	17,072	14,269	31,341	45.5
1974:	:	:	:	:
January-June---	7,924	6,676	14,600	45.7
1975:	:	:	:	:
January-June---	8,207	8,039	16,246	49.5

Source: Compiled from data presented in tables 81 and 82 of this report.

Table 84.--Original-equipment motor-vehicle parts: Canadian production as a share of the transfer value of U.S.-Canadian production, by class of producer, 1960-74, January-June 1974, and January-June 1975

(In percent)

Year	Motor vehicle manufacturers	Independent parts producers	Total
1960	1.1	4.0	2.5
1961	0.9	3.7	2.2
1962	0.9	4.1	2.4
1963	1.0	4.8	2.7
1964	1.0	5.4	3.0
1965	1.2	5.5	3.2
1966	2.4	6.8	4.3
1967	2.9	8.5	5.5
1968	3.5	10.2	6.4
1969	3.7	10.1	6.5
1970	4.9	10.1	7.3
1971	5.1	9.8	7.1
1972	5.9	10.4	7.8
1973	5.5	9.2	7.2
1974	5.2	9.2	7.0
1974:			
January-June	5.5	9.3	7.2
1975:			
January-June	4.9	8.4	6.6

Source: Compiled from data presented in tables 82 and 83 of this report.

Table 85.--Original-equipment motor-vehicle parts: U.S. exports to Canada, by class of U.S. producer, in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

Period	Motor vehicle manufacturers	Independent parts producers	Total	Independents as a percent of the total
	Million U.S. dollars	Million U.S. dollars	Million U.S. dollars	Percent
1960-----	217	89	306	29.1
1961-----	212	87	299	29.1
1962-----	286	119	405	29.4
1963-----	375	158	533	29.6
1964-----	388	171	559	30.6
1965-----	495	224	719	31.2
1966-----	558	261	819	31.9
1967-----	644	283	927	30.5
1968-----	936	378	1,314	28.8
1969-----	1,205	453	1,658	27.3
1970-----	1,102	485	1,587	30.6
1971-----	1,408	479	1,887	25.4
1972-----	1,578	568	2,146	26.5
1973-----	1,809	760	2,569	29.6
1974-----	2,247	881	3,128	28.2
1974:	:	:	:	:
January-June---	1,007	388	1,395	27.8
1975:	:	:	:	:
January-June---	1,119	472	1,591	29.7
:	:	:	:	:

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 86.--Original-equipment motor-vehicle parts: U.S. imports from Canada, by class of Canadian producer, in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

Period	Motor vehicle manufacturers	Independent parts producers	Total	Independents as a percent of the total
	Million U.S. dollars	Million U.S. dollars	Million U.S. dollars	Percent
1960-----	1/	1	1	88.1
1961-----	1/	1	1	96.0
1962-----	1/	6	6	99.8
1963-----	1/	18	18	99.7
1964-----	1/	45	45	99.9
1965-----	21	69	90	76.7
1966-----	194	108	302	35.8
1967-----	228	163	391	41.7
1968-----	343	313	656	47.7
1969-----	383	412	795	51.8
1970-----	440	480	920	52.2
1971-----	636	577	1,213	47.6
1972-----	781	723	1,504	48.1
1973-----	816	915	1,731	52.9
1974-----	744	819	1,563	52.4
1974:				
January-June---	348	397	745	36.3
1975:				
January-June---	325	389	714	54.5

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 87.-- Original-equipment motor-vehicle parts: U.S. exports to Canada larger than (+) or smaller than (-) U.S. imports from Canada, by class of producer, in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)

Year	Motor vehicle manufacturers	Independent parts producers	Total
1960-----	+217	+88	+305
1961-----	+212	+86	+298
1962-----	+286	+113	+399
1963-----	+375	+140	+515
1964-----	+338	+126	+514
1965-----	+474	+155	+629
1966-----	+364	+153	+517
1967-----	+416	+120	+536
1968-----	+593	+65	+658
1969-----	+822	+41	+863
1970-----	+662	+5	+667
1971-----	+772	-98	+674
1972-----	+797	-155	+642
1973-----	+993	-155	+838
1974-----	+1,503	+62	+1,565
1974:	:	:	:
January-June-----	+659	-9	+650
1975:	:	:	:
January-June-----	+794	+83	+877

Source: Compiled from data presented in tables 85 and 86 of this report.

Table 88.--Original-equipment motor-vehicle parts: U.S. exports to Canada as a percent of U.S. production, as a percent of Canadian consumption, and as a percent of motor vehicles assembled in Canada, in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

(In percent)			
Year	Exports to Canada as a share of U.S. parts production	Exports to Canada as a share of Canadian parts consumption	Exports to Canada as a share of the transfer value of Canadian-assembled motor vehicles
1960-----	3.4	56.8	44.7
1961-----	2.9	57.2	44.8
1962-----	3.2	57.6	44.3
1963-----	3.7	57.9	44.6
1964-----	3.7	57.2	44.5
1965-----	3.7	56.6	42.6
1966-----	4.4	59.7	46.9
1967-----	5.5	61.5	49.4
1968-----	6.8	65.7	53.8
1969-----	8.0	71.6	56.3
1970-----	9.3	78.4	62.4
1971-----	8.4	77.9	59.3
1972-----	8.8	92.1	61.2
1973-----	8.8	81.0	62.2
1974-----	10.7	81.1	64.0
1974:	:	:	:
January-June--	10.3	80.1	58.7
1975:	:	:	:
January-June--	10.5	79.9	63.7

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 89.--Original-equipment motor-vehicle parts: U.S. imports from Canada as a percent of Canadian production, as a percent of U.S. consumption, and as a percent of motor vehicles assembled in the United States, in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

(In percent)			
Year	Imports from Canada as a share of Canadian parts production	Imports from Canada as a share of U.S. parts consumption	Imports from Canada as a share of the transfer value of U.S.-assembled motor vehicles
1960-----	0.4	<u>1/</u>	<u>1/</u>
1961-----	0.4	<u>1/</u>	<u>1/</u>
1962-----	2.0	<u>1/</u>	<u>1/</u>
1963-----	4.4	0.2	0.1
1964-----	9.7	0.3	0.2
1965-----	14.0	0.5	0.4
1966-----	35.3	1.6	1.2
1967-----	40.3	2.4	1.8
1968-----	48.9	3.5	2.4
1969-----	54.7	4.0	2.9
1970-----	68.8	5.6	4.2
1971-----	70.7	5.5	3.9
1972-----	72.8	6.2	4.3
1973-----	76.1	6.1	4.2
1974-----	70.9	5.6	4.4
1974:			
January-June--	70.8	5.7	4.2
1975:			
January-June--	66.4	5.0	4.1

1/ Less than 0.05 percent.

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 90.--Original-equipment motor-vehicle parts diverted to non-original-equipment purposes after duty-free entry into the United States from Canada: U.S. imports of such diverted merchandise, duties paid on such diverted merchandise, and U.S. imports of all original equipment parts, 1967-74

Year	Value of duty-free imports of parts later diverted	Duties paid on diverted merchandise	Total U.S. imports of duty-free original equipment parts including parts later diverted	Ratio of diversions to total imports of diverted and non-diverted merchandise
	<u>1,000 U.S. dollars</u>	<u>1,000 U.S. dollars</u>	<u>1,000 U.S. dollars</u>	<u>Percent</u>
1967--	1,006	84	391,000	0.3
1968--	1,454	122	656,000	.2
1969--	2,888	197	795,000	.4
1970--	3,589	227	920,000	.4
1971--	2,921	189	1,213,000	.2
1972--	4,257	264	1,504,000	.3
1973--	6,114	282	1,731,000	.4
1974--	6,298	295	1,563,000	.4

Source: Compiled from data supplied by firm's responses to the questionnaires of the United States International Trade Commission.

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Table 91.--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. production in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)					
Period	On-the-highway motor vehicles			Total	Original equip- ment motor- vehicle parts
	Passenger automobiles	Trucks and buses			
1960-----	10,198	2,700	12,898	9,092	
1961-----	11,278	2,262	13,540	10,166	
1962-----	14,326	2,688	17,014	12,654	
1963-----	16,394	3,109	19,503	14,562	
1964-----	15,809	3,315	19,124	15,094	
1965-----	21,486	3,802	25,288	19,467	
1966-----	20,390	4,057	24,447	18,892	
1967-----	18,102	3,798	21,900	16,808	
1968-----	22,739	4,695	27,434	19,464	
1969-----	22,375	5,307	27,682	20,764	
1970-----	17,238	4,872	22,110	17,058	
1971-----	24,585	6,364	30,949	22,458	
1972-----	26,734	8,112	34,846	24,253	
1973-----	30,511	10,556	41,067	29,235	
1974-----	24,711	11,003	35,714	29,138	
1974:					
January-June-----	11,728	5,832	17,560	13,548	
1975:					
January-June-----	12,343	4,959	17,302	15,170	

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 92.--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: Canadian production in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)					
Period	On-the-highway motor vehicles			Total	Original equip- ment motor- vehicle parts
	Passenger automobiles	Trucks and buses			
1960-----	532	153	685	234	
1961-----	533	135	668	224	
1962-----	732	183	915	305	
1963-----	977	219	1,196	406	
1964-----	995	262	1,257	462	
1965-----	1,378	309	1,687	641	
1966-----	1,365	382	1,747	856	
1967-----	1,448	430	1,878	971	
1968-----	1,902	541	2,443	1,341	
1969-----	2,299	644	2,943	1,453	
1970-----	1,993	550	2,543	1,338	
1971-----	2,552	629	3,181	1,716	
1972-----	2,720	786	3,506	2,066	
1973-----	3,155	975	4,130	2,276	
1974-----	3,713	1,177	4,890	2,203	
1974:					
January-June-----	1,777	598	2,375	1,052	
1975:					
January-June-----	1,795	703	2,498	1,076	

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 93.--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S.-Canadian production in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)				
Period	On-the-highway motor vehicles			Original equipment motor-vehicle parts
	Passenger automobiles	Trucks and buses	Total	
1960-----	10,730	2,853	13,583	9,326
1961-----	11,811	2,397	14,208	10,390
1962-----	15,058	2,871	17,929	12,959
1963-----	17,371	3,328	20,699	14,968
1964-----	16,804	3,577	20,381	15,556
1965-----	22,864	4,111	26,975	20,108
1966-----	21,755	4,439	26,194	19,748
1967-----	19,550	4,228	23,778	17,779
1968-----	24,641	5,236	29,877	20,805
1969-----	24,674	5,951	30,625	22,217
1970-----	19,231	5,422	24,653	18,396
1971-----	27,137	6,993	34,130	24,174
1972-----	29,454	8,898	38,352	26,319
1973-----	33,666	11,531	45,197	31,511
1974-----	28,424	12,180	40,604	31,341
1974:				
January-June-----	13,505	6,430	19,935	14,600
1975:				
January-June-----	14,138	5,662	19,800	16,246

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 94 --U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: Canadian share of the transfer value of U.S.-Canadian production, 1960-74, January-June 1974, and January-June 1975

Period	(In percent)			Original equip- ment motor- vehicle parts
	On-the-highway motor vehicles			
	Passenger automobiles	Trucks and buses	Total	
1960-----	5.0	5.4	5.0	2.5
1961-----	4.5	5.6	4.7	2.2
1962-----	4.9	6.4	5.1	2.4
1963-----	5.6	6.6	5.8	2.7
1964-----	5.9	7.3	6.2	3.0
1965-----	6.0	7.5	6.3	3.2
1966-----	6.3	8.6	6.7	4.3
1967-----	7.4	10.2	7.9	5.5
1968-----	7.7	10.3	8.2	6.4
1969-----	9.3	10.8	9.6	6.5
1970-----	10.4	10.1	10.3	7.3
1971-----	9.4	9.0	9.3	7.1
1972-----	9.2	8.8	9.1	7.8
1973-----	9.4	8.5	9.1	7.2
1974-----	13.1	9.7	12.0	7.0
1974:				
January-June-----	13.2	9.3	11.9	7.2
1975:				
January-June-----	12.7	12.4	12.6	6.6

Source: Compiled from data presented in tables 94 and 95 of this report.

Table 95. --U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. exports to Canada in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)

Period	On-the-highway motor vehicles			Parts	Total
	Passenger automobiles	Trucks and buses	Total		
1960-----	70	10	80	306	396
1961-----	51	8	59	299	358
1962-----	52	8	60	405	465
1963-----	28	14	42	533	575
1964-----	38	15	53	559	612
1965-----	112	34	146	719	865
1966-----	248	57	305	819	1,124
1967-----	545	110	655	927	1,582
1968-----	573	133	706	1,314	2,020
1969-----	720	181	901	1,658	2,559
1970-----	592	194	786	1,587	2,373
1971-----	887	263	1,150	1,887	3,037
1972-----	1,049	388	1,437	2,146	3,583
1973-----	1,396	510	1,906	2,569	4,475
1974-----	1,641	678	2,319	3,128	5,447
1974:					
January-June-----	823	367	1,190	1,395	2,585
1975:					
January-June-----	980	352	1,332	1,591	2,923

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 96.--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. exports to Canada, as reported in the Annual Report of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965, 1964-74

(In millions of U.S. dollars)

Year	On-the-highway motor vehicles			Parts	Total
	Passenger automobiles	Trucks and buses	Total		
1964-----	34	23	57	577	634
1965-----	87	55	142	738	880
1966-----	267	89	356	1,011	1,367
1967-----	544	122	666	1,216	1,882
1968-----	748	175	923	1,684	2,607
1969-----	732	244	976	2,134	3,110
1970-----	631	263	894	2,019	2,913
1971-----	985	334	1,319	2,448	3,767
1972-----	1,075	504	1,579	2,866	4,445
1973-----	1,437	643	2,080	3,484	5,564
1974-----	1,657	916	2,573	3,980	6,553

Source: Annual Report of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965.

Note.--These data do include snowmobiles but do not include tires or tubes for tires. United States snowmobile exports to Canada, included in the truck and bus category, were nil in 1964, and amounted to \$12,000 in 1965, \$45,000 in 1966, \$139,000 in 1967, \$3 million in 1968, \$6 million in 1969, \$12 million in 1970, \$22 million in 1971, \$33 million in 1972, \$30 million in 1973, and \$33 million in 1974.

Table 97 .--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. exports to Canada as reported by the Bureau of the Census, 1964-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)

Period	On-the-highway motor vehicles			Parts	Total
	Passenger automobiles	Trucks and buses	Total		
1964-----	45	15	60	603	663
1965-----	113	29	142	759	901
1966-----	274	67	341	969	1,310
1967-----	562	118	680	1,103	1,783
1968-----	703	142	845	1,563	2,408
1969-----	748	220	968	1,814	2,782
1970-----	625	215	840	1,644	2,484
1971-----	946	267	1,213	2,019	3,232
1972-----	1,076	385	1,461	2,456	3,917
1973-----	1,412	478	1,890	2,816	4,706
1974-----	1,769	756	2,525	3,332	5,857
1974:					
Jan.-June--	870	378	1,248	1,594	2,842
1975:					
Jan.-June--	1,030	391	1,421	1,847	3,268

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 98 ---U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. imports from Canada in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)

Period	On-the-highway motor vehicles			Parts	Total
	Passenger automobiles	Trucks and buses	Total		
1960-----	3	1/	3	1	4
1961-----	2	1/	2	1	3
1962-----	2	1/	2	6	8
1963-----	2	1/	2	18	20
1964-----	22	1/	22	45	67
1965-----	59	13	72	90	162
1966-----	302	113	415	302	717
1967-----	689	187	876	391	1,267
1968-----	1,091	295	1,386	656	2,042
1969-----	1,511	431	1,942	795	2,737
1970-----	1,452	380	1,832	920	2,752
1971-----	1,909	431	2,340	1,213	3,553
1972-----	2,060	546	2,606	1,504	4,110
1973-----	2,237	641	2,878	1,731	4,609
1974-----	2,535	665	3,200	1,563	4,763
1974:					
January-June-----	1,270	341	1,611	1,093	2,704
1975:					
January-June-----	1,370	370	1,740	714	2,454

1/ Less than \$500,000.

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Table 99 .--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. imports from Canada as reported in the Annual Report of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965, 1964-74

(In millions of U.S. dollars)

Year	On-the-highway motor vehicles			Parts	Total
	Passenger automobiles	Trucks and buses	Total		
1964-----	18	4	22	49	71
1965-----	69	19	88	139	227
1966-----	316	135	451	360	811
1967-----	692	228	920	474	1,394
1968-----	1,114	369	1,483	783	2,266
1969-----	1,537	560	2,097	959	3,056
1970-----	1,474	564	2,038	1,080	3,118
1971-----	1,924	587	2,511	1,481	3,992
1972-----	2,065	713	2,778	1,795	4,573
1973-----	2,272	789	3,061	2,172	5,233
1974-----	2,595	887	3,482	1,997	5,479

Source: Annual Report of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965.

Note.--These data do include snowmobiles but do not include tires or tubes for tires. United States snowmobile imports from Canada, included in the truck and bus category, amounted to \$3 million in 1964, \$8 million in 1965, \$20 million in 1966, \$37 million in 1967, \$61 million in 1968, \$111 million in 1969, \$141 million in 1970, \$124 million in 1971, \$104 million in 1972, \$66 million in 1973, and \$35 million in 1974.

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Table 100.--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. imports from Canada as reported by the Bureau of the Census, 1964-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)

Period	On-the-highway motor vehicles			Parts	Total
	Passenger automobiles	Trucks and buses	Total		
1964-----	19	<u>1/</u>	19	88	107
1965-----	77	12	89	159	248
1966-----	365	81	446	458	904
1967-----	824	164	988	588	1,576
1968-----	1,349	257	1,606	957	2,563
1969-----	1,827	349	2,176	1,208	3,384
1970-----	1,806	319	2,125	1,331	3,456
1971-----	2,397	428	2,825	1,692	4,517
1972-----	2,593	443	3,036	2,146	5,182
1973-----	2,763	393	3,156	2,750	5,906
1974-----	3,090	556	3,646	2,552	6,198
1974:					
Jan.-June--	1,523	255	1,778	1,250	3,029
1975:					
Jan.-June--	1,682	285	1,967	1,160	3,127

1/ Less than \$500,000.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 101.--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. exports to Canada larger than (+) or smaller than (-) U.S. imports from Canada in terms of transfer values, 1960-74, January-June 1974, and January-June 1975

Period	(In millions of U.S. dollars)			Parts	Total
	On-the-highway motor vehicles				
	Passenger automobiles	Trucks and buses	Total		
1960-----	+67	+10	+77	+305	+382
1961-----	+49	+8	+57	+298	+355
1962-----	+50	+8	+58	+399	+457
1963-----	+26	+14	+40	+515	+555
1964-----	+16	+15	+31	+514	+545
1965-----	+53	+21	+74	+629	+703
1966-----	-54	-56	-110	+517	+407
1967-----	-144	-77	-221	+536	+315
1968-----	-518	-162	-680	+658	-22
1969-----	-791	-250	-1,041	+863	-178
1970-----	-860	-186	-1,046	+667	-379
1971-----	-1,022	-168	-1,190	+674	-516
1972-----	-1,011	-158	-1,169	+642	-527
1973-----	-841	-131	-972	+838	-134
1974-----	-894	+13	-881	+1,565	+684
1974:					
January-June-----	-447	+26	-421	+650	+229
1975:					
January-June-----	-390	-18	-408	+877	+479

Source: Compiled from data presented in tables 95 and 98 of this report.

Table 102.--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. exports to Canada larger than (+) or smaller than (-) U.S. imports from Canada, as reported in the Annual Report of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965, 1964-74

(In millions of U.S. dollars)

Year	On-the-highway motor vehicles			Parts	Total
	Passenger automobiles	Trucks and buses	Total		
1964-----	+16	+19	+35	+528	+563
1965-----	+18	+36	+54	+599	+653
1966-----	-49	-46	-95	+651	+556
1967-----	-148	-106	-254	+742	+488
1968-----	-366	-194	-560	+901	+341
1969-----	-805	-316	-1,121	+1,175	+54
1970-----	-843	-310	-1,153	+939	-214
1971-----	-939	-253	-1,192	+967	-225
1972-----	-990	-209	-1,199	+1,071	-128
1973-----	-835	-146	-981	+1,312	+331
1974-----	-938	+29	-909	+1,983	+1,074

Source: Annual Report of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965; also corresponds to data presented in tables 96 and 99 of this report.

Note.--These data do include snowmobiles but do not include tires or tubes for tires. The United States-Canadian snowmobile trade balance, included in the truck and bus category, was in deficit each year during the period 1964-74. The deficits amounted to \$3 million in 1964, \$8 million in 1965, \$20 million in 1966, \$37 million in 1967, \$58 million in 1968, \$106 million in 1969, \$129 million in 1970, \$102 million in 1971, \$71 million in 1972, \$37 million in 1973, and \$2 million in 1974. Subtracting the effect of snowmobile trade from the overall United States-Canadian automotive trade balance results in United States surpluses of \$566 million in 1964, \$661 million in 1965, \$576 million in 1966, \$525 million in 1967, \$399 million in 1968 and \$160 million in 1969, United States deficits of \$85 million in 1970, \$123 million in 1971 and \$57 million in 1972, and United States surpluses of \$374 million in 1973 and \$1.1 billion in 1974.

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Table 103.--U.S.-Canadian-type passenger automobiles, U.S.-Canadian-type trucks and buses, total U.S.-Canadian-type on-the-highway motor vehicles, and original-equipment motor-vehicle parts: U.S. exports to Canada larger than (+) or smaller than (-) U.S. imports from Canada, as reported by the Bureau of the Census, 1964-74, January-June 1974, and January-June 1975

(In millions of U.S. dollars)

Year	On-the-highway motor vehicles			Parts	Total
	Passenger automobiles	Trucks and buses	Total		
1964-----	+26	+15	+41	+515	+556
1965-----	+36	+17	+53	+600	+653
1966-----	-91	-14	-105	+511	+406
1967-----	-262	-46	-308	+515	+207
1968-----	-646	-115	-761	+606	-155
1969-----	-1,079	-129	-1,208	+606	-602
1970-----	-1,181	-104	-1,285	+313	-972
1971-----	-1,451	-161	-1,612	+327	-1,285
1972-----	-1,517	-58	-1,575	+310	-1,265
1973-----	-1,351	+85	-1,266	+66	-1,200
1974-----	-1,321	+200	-1,121	+714	-407
1974;					
Jan.-June--	-653	+123	-530	+344	-186
1975:					
Jan.-June--	-652	+106	-546	+687	+141

Source: Compiled from data presented in tables 97 and 100 of this report.

Note.--Data do not include snowmobiles.

Table 104.-- All U.S.-Canadian-type motor vehicles and original-equipment parts: Total Canadian value added in the production of vehicles and parts and total transfer value of U.S. and Canadian produced U.S.-Canadian-type motor vehicles, 1963-74

Year	: Canadian value added in: : motor vehicles and : parts including : Canadian value added : in exported parts	: Transfer value of : U.S.-Canadian : type motor vehicles:	: Canadian value : added as a percent : of transfer value of : U.S.-Canadian-type : motor vehicles
	: <u>Million</u> : <u>U.S. dollars</u>	: <u>Million</u> : <u>U.S. dollars</u>	: <u>Percent</u>
1963--:	726	20,699	3.5
1964--:	888	20,381	4.4
1965--:	1,057	26,975	3.9
1966--:	1,062	26,194	4.1
1967--:	1,260	23,778	5.3
1968--:	1,508	29,877	5.0
1969--:	1,558	30,625	5.1
1970--:	1,662	24,653	6.7
1971--:	2,057	34,130	6.0
1972--:	2,367	38,352	6.2
1973--:	2,445	45,197	5.4
1974--:	2,697	40,604	6.6

Source: Partly estimated on the basis of firms' responses to the questionnaires of the United States International Trade Commission.

Note.--Canadian value added data are model year data for the 12 months beginning on August 1 of the years noted, while the transfer value data for vehicles are calendar year data for the 12 months beginning on January 1 of the years noted.

Table 105.--Motor-vehicle manufacturers 1/ (Canada): Total absolute dollar value of "Canadian value added", as calculated per Canadian tariff item 950, total cost of motor vehicles sold in Canada, and total "Canadian value added" for fulfillment of "letters of undertaking" including exports of motor-vehicle parts, by class of vehicle, 1964-75

(In millions of U.S. dollars)

Item	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
<u>Total "Canadian value added":</u>												
<u>by all motor-vehicle</u>												
<u>manufacturers as calcu-</u>												
<u>lated per Canadian</u>												
<u>tariff item 950</u>												
Passenger automobiles-----	593.4	671.1	719.0	616.6	668.7	753.1	749.7	773.5	891.7	967.9	1,044.0	1,182.7
Trucks and buses-----	97.8	119.2	145.6	140.0	47.3	177.2	164.8	160.3	211.9	248.9	299.2	386.4
<u>Total motor vehicles-----</u>	<u>691.2</u>	<u>790.3</u>	<u>864.6</u>	<u>756.6</u>	<u>816.0</u>	<u>930.3</u>	<u>914.5</u>	<u>939.2</u>	<u>1,103.6</u>	<u>1,216.8</u>	<u>1,343.2</u>	<u>1,569.1</u>
<u>Total cost of motor vehicles:</u>												
<u>sold in Canada by all</u>												
<u>motor-vehicle manufac-</u>												
<u>turers</u>												
Passenger automobiles-----	1,038.3	1,136.8	1,239.4	1,252.1	1,432.0	1,500.4	1,318.4	1,364.8	1,651.5	2,223.8	2,524.5	2,917.9
Trucks and buses-----	198.4	217.3	270.1	271.0	312.2	332.8	336.2	336.4	503.2	676.1	922.6	1,194.3
<u>Total motor vehicles-----</u>	<u>1,236.7</u>	<u>1,354.1</u>	<u>1,509.5</u>	<u>1,523.1</u>	<u>1,744.2</u>	<u>1,833.2</u>	<u>1,654.6</u>	<u>1,701.2</u>	<u>2,154.7</u>	<u>2,899.9</u>	<u>3,447.1</u>	<u>4,112.2</u>
<u>Total "Canadian value added":</u>												
<u>for fulfillment of the</u>												
<u>"letters of undertaking":</u>												
<u>by all motor-vehicle</u>												
<u>manufacturers including</u>												
<u>exports of motor-vehicle</u>												
<u>parts-----</u>	<u>726.0</u>	<u>888.4</u>	<u>1,056.9</u>	<u>1,062.1</u>	<u>1,260.3</u>	<u>1,508.4</u>	<u>1,558.3</u>	<u>1,662.1</u>	<u>2,057.2</u>	<u>2,367.2</u>	<u>2,445.4</u>	<u>2,697.4</u>

1/ GM, Ford, Chrysler, and AMC.

Source: Compiled from firms' responses to the questionnaires of the United States International Trade Commission.

Table 106.--General Motors, Ford, Chrysler, and American Motors (Canada): Fulfillment of conditions for "letters of undertaking," by model year, 1965-75

(In millions of U.S. dollars)												
Item	Absolute dollar amount :1964 (base year):	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Growth in market (increase over the base year)												
Passenger automobiles-----	1,038.3	98.5	201.1	213.8	393.7	462.1	280.1	326.5	613.2	1,185.5	1,486.2	1,879.6
Trucks and buses-----	198.4	18.9	71.7	72.6	113.8	134.4	137.8	138.0	304.8	477.7	724.2	995.9
Total motor vehicles-----	1,236.7	117.4	272.8	286.4	507.5	596.5	417.9	464.5	918.0	1,663.2	2,210.4	2,875.5
Canadian value added "required" (Percent of increase/decrease if growth)												
Passenger automobiles (60 percent)-----	-	59.1	120.7	128.3	236.2	277.3	168.1	195.9	367.9	711.3	891.7	1,127.8
Trucks and buses (50 percent)-----	-	9.5	35.9	36.3	56.9	67.2	68.9	69.0	152.4	238.9	362.1	498.0
Total motor vehicles-----	-	68.6	156.6	164.6	293.1	344.5	237.0	264.9	520.3	950.2	1,253.8	1,625.8
Additional dollar amount required over the base year												
Total motor vehicles-----	-	-	-	-	1/ 221.9	221.9	221.9	221.9	221.9	221.9	221.9	221.9
Total C.V.A. required Growth + dollar amount-----		68.6	156.6	164.6	515.0	566.4	458.9	486.8	742.2	1,172.1	1,475.7	1,847.7
Actual increase in Canadian value added by the Big Four, including exports of component parts-----	726.0	162.4	330.9	336.1	2/ 973.9	782.4	832.3	936.3	1,331.2	1,641.2	1,719.4	1,971.4
Excess (or deficiency) of C.V.A. by the Big Four Required amount less actual-----	-	-	-	-	458.9	216.0	373.4	449.5	589.0	469.1	243.7	123.7

1/ Converted to U.S. dollars at exchange rate of U.S. \$.925=C \$1.00.

2/ The 1968 total commitment achieved by aggregating Canadian value added for 1965, 1966, 1968, and 1968 is as follows: 1965, \$93.8; 1966, \$174.3; 1967, \$171.5; and 1968, \$534.3; making a total of \$973.9.

Source: Compiled from firms' responses to the questionnaires of the United States International Trade Commission.

Table 107.--Price of same popular model, four-door, six-cylinder sedan, with comparable standard equipment, in the United States and Canada, model year introduction, 1964-69, Plymouth Valiant

Item	Price in the	Price in	Canadian price differential	
	United States	Canada ^{1/}	over (under) U.S. price	
	U.S. dollars	U.S. dollars	U.S. dollars	Percent
1964 model introduction:				
Factory list price-----	2,137	2,342	205	9.6
Sales/excise tax ^{2/} -----	176	204	28	-
Dealer's delivery and handling-----	25	23	(2)	-
Manufacturer's suggested retail price ^{3/} -----	2,338	2,569	231	9.9
1965 model introduction:				
Factory list price-----	2,147	2,353	206	9.6
Sales/excise tax ^{2/} -----	178	205	27	-
Dealer's delivery and handling-----	25	23	(2)	-
Manufacturer's suggested retail price ^{3/} -----	2,350	2,581	231	9.8
1966 model introduction:				
Factory list price-----	2,197	2,356	159	7.2
Sales/excise tax ^{2/} -----	130	205	75	-
Dealer's delivery and handling-----	25	23	(2)	-
Manufacturer's suggested retail price ^{3/} -----	2,352	2,584	232	9.9
1967 model introduction:				
Factory list price-----	2,242	2,394	152	6.8
Sales/excise tax ^{2/} -----	133	208	75	-
Dealer's delivery and handling-----	25	23	(2)	-
Manufacturer's suggested retail price ^{3/} -----	2,400	2,625	225	9.4
1968 model introduction:				
Factory list price-----	2,337	2,470	133	5.7
Sales/excise tax ^{2/} -----	139	234	95	-
Dealer's delivery and handling-----	25	23	(2)	-
Manufacturer's suggested retail price ^{3/} -----	2,501	2,727	226	9.0
1969 model introduction:				
Factory list price-----	2,384	2,483	99	4.2
Sales/excise tax ^{2/} -----	141	235	94	-
Dealer's delivery and handling-----	25	23	(2)	-
Manufacturer's suggested retail price ^{3/} -----	2,550	2,741	191	7.5

^{1/} Converted to U.S. dollars at official exchange rate of U.S. \$.925=C \$1.00 for 1964-69.

^{2/} Canadian sales tax 11 percent 1964-67, 12 percent 1968-69; U.S. excise tax 10 percent 1964-65, 7 percent 1966-67.

^{3/} Manufacturer's suggested retail price includes factory list price, sales tax or excise tax and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

Source: Compiled from Second and Third Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965.

Table 108.--Price of same popular-model, four-door, eight-cylinder sedan, with comparable standard equipment, in the United States and Canada, model year introduction, 1964-69, Ford Custom

Item	Price in the	Price in	Canadian price differential	
	United States	Canada 1/	over (under) U.S. price	
	U.S. dollars	U.S. dollars	U.S. dollars	Percent
1964 model introduction:				
Factory list price-----	2,529	2,762	233	9.2
Sales/excise tax 2/-----	199	234	35	-
Dealer's delivery and handling-----	40	37	(3)	-
Manufacturer's suggested retail price 3/-----	2,768	3,033	265	9.6
1965 model introduction:				
Factory list price-----	2,559	2,773	234	9.2
Sales/excise tax 2/-----	200	235	35	-
Dealer's delivery and handling-----	40	37	(3)	-
Manufacturer's suggested retail price 3/-----	2,779	3,045	226	9.6
1966 model introduction:				
Factory list price-----	2,597	2,769	172	6.6
Sales/excise tax 2/-----	146	235	89	-
Dealer's delivery and handling-----	40	37	(3)	-
Manufacturer's suggested retail price 3/-----	2,783	3,041	258	9.3
1967 model introduction:				
Factory list price-----	2,639	2,806	167	6.3
Sales/excise tax 3/-----	149	238	89	-
Dealer's delivery and handling-----	40	37	(3)	-
Manufacturer's suggested retail price 3/-----	2,828	3,081	253	8.9
1968 model introduction:				
Factory list price-----	2,734	2,894	160	5.9
Sales/excise tax 2/-----	154	261	107	-
Dealer's delivery and handling-----	40	37	(3)	-
Manufacturer's suggested retail price 3/-----	2,928	3,192	264	9.0
1969 model introduction:				
Factory list price-----	2,868	3,027	159	5.6
Sales/excise tax 2/-----	159	271	112	-
Dealer's delivery and handling-----	40	37	(3)	-
Manufacturer's suggested retail price 3/-----	3,067	3,335	268	9.0

1/ Converted to U.S. dollars at official exchange rate of U.S. \$.925=C \$1.00 for 1964-69.

2/ Canadian sales tax 11 percent 1964-67, 12 percent 1968-69; U.S. excise tax 10 percent 1964-65, 7 percent 1966-69.

3/ Manufacturer's suggested retail price includes factory list price, sales tax or excise tax and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

Source: Compiled from Second and Third Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965.

Table 109.--Price of same popular model, two-door, eight-cylinder hardtop, with comparable standard equipment, in the United States and Canada, model year introduction, 1964-69, Buick Riviera

Item	Price	Price	Canadian price differential	
	in the United States	in Canada ^{1/}	over (under)	U.S. price
	U.S. dollars	U.S. dollars	U.S. dollars	Percent
1964 model introduction:				
Factory list price-----	3,995	5,209	1,214	30.4
Sales/excise tax ^{2/} -----	309	398	89	-
Dealer's delivery and handling-----	70	65	(5)	-
Manufacturer's suggested retail price ^{3/} -----	4,374	5,672	1,298	29.7
1965 model introduction:				
Factory list price-----	4,026	5,256	1,230	30.6
Sales/excise tax ^{2/} -----	312	400	88	-
Dealer's delivery and handling-----	70	65	(5)	-
Manufacturer's suggested retail price ^{3/} -----	4,408	5,721	1,313	29.8
1966 model introduction:				
Factory list price-----	4,127	5,145	1,018	24.7
Sales/excise tax ^{2/} -----	227	349	122	-
Dealer's delivery and handling-----	70	65	(5)	-
Manufacturer's suggested retail price ^{3/} -----	4,424	5,559	1,135	25.7
1967 model introduction:				
Factory list price-----	4,169	5,184	1,015	24.3
Sales/excise tax ^{2/} -----	230	352	122	-
Dealer's delivery and handling-----	70	65	(5)	-
Manufacturer's suggested retail price ^{3/} -----	4,469	5,601	1,132	25.3
1968 model introduction:				
Factory list price-----	4,283	4,655	372	8.7
Sales/excise tax ^{2/} -----	236	395	159	-
Dealer's delivery and handling-----	70	65	(5)	-
Manufacturer's suggested retail price ^{3/} -----	4,589	5,155	526	11.5
1969 model introduction:				
Factory list price-----	4,510	4,960	450	10.0
Sales/excise tax ^{2/} -----	247	416	169	-
Dealer's delivery and handling-----	50	37	(13)	-
Manufacturer's suggested retail price ^{3/} -----	4,807	5,413	606	12.6

^{1/} Converted to U.S. dollars at official exchange rate of U.S. \$.925 = C \$1.00 for 1964-69.

^{2/} Canadian sales tax 11 percent 1964-67, 12 percent 1968-69; U.S. excise tax 10 percent 1964-65, 7 percent 1966-69.

^{3/} Manufacturer's suggested retail price includes factory list price, sales tax or excise tax and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

Source: Compiled from Second and Third Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965.

Table 110.--Canadian price differentials over U.S. price for the same popular two-door, six-cylinder coupe, with comparable standard equipment, the same popular four-door, eight-cylinder sedan, with comparable standard equipment, and the same popular two-door, eight-cylinder hardtop, with comparable standard equipment, in the United States and Canada, model year introduction, 1965 and 1971-75

Item	: Canadian price differential over (under)		
	: U.S. price 1/ (percent)		
	: Two-door,	: Four-door,	: Two-door
	: six cylinder:	: eight-cylinder:	: eight-cylinder
	: coupe	: sedan	: hardtop
1965 model introduction:	:	:	:
Factory list price-----:	9.5 :	9.2 :	30.6
Manufacturer's suggested:	:	:	:
retail price 2/-----:	9.9 :	9.6 :	29.8
1971 model introduction:	:	:	:
Factory list price-----:	10.1 :	10.6 :	13.0
Manufacturer's suggested:	:	:	:
retail price 2/-----:	13.6 :	13.9 :	16.2
1972 model introduction:	:	:	:
Factory list price-----:	12.1 :	12.5 :	15.2
Manufacturer's suggested:	:	:	:
retail price 2/-----:	15.7 :	16.2 :	18.4
1973 model introduction:	:	:	:
Factory list price-----:	11.2 :	11.5 :	14.1
Manufacturer's suggested:	:	:	:
retail price 2/-----:	21.2 :	21.1 :	23.4
1974 model introduction:	:	:	:
Factory list price-----:	12.4 :	12.2 :	14.7
Manufacturer's suggested:	:	:	:
retail price 2/-----:	22.8 :	21.9 :	24.4
1975 model introduction:	:	:	:
Factory list price-----:	4.6 :	4.6 :	6.3
Manufacturer's suggested:	:	:	:
retail price 2/-----:	14.6 :	13.7 :	15.4

1/ Converted to U.S. dollars at official exchange rate of U.S. \$.925=C \$1.00 for 1965; and at U.S. \$.990=C \$1.00 for 1971, U.S. \$1.009=C \$1.00 for 1972, U.S. \$.999=C \$1.00 for 1973, U.S. \$1.022=C \$1.00 for 1974, and U.S. \$.974=C \$1.00 for 1975.

2/ Manufacturer's suggested retail price includes factory list price, sales tax or excise tax and dealer delivery and handling, but excludes destination charges, state and local taxes, license, title or applicable vehicle weight tax. The Canadian sales tax in 1965 was 11 percent, and from 1971 to 1975, it was 12 percent; the United States excise tax was 7 percent in 1965, 7 percent until early 1971, and was repealed in August 1971, except on tires

Source: Compiled from firms' responses to the questionnaire of the United States International Trade Commission.

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Table III.--Big Four net direct investment expenditures on plant and equipment for the production of automotive products in the United States and Canada, 1964-74, and January-June 1974 and 1975

Period	Net investment: in the United States:	Net investment: in Canada	Total	Canada as a percent of the total
	Million U.S. dollars	Million U.S. dollars	Million U.S. dollars	Percent
1964-----	1/ 1,314.3	1/ 125.3	1/ 1,439.6	8.7
1965-----	1/ 1,961.6	1/ 194.2	1/ 2,155.8	9.0
1966-----	1/ 1,420.4	1/ 140.6	1/ 1,561.0	9.0
1967-----	1,245.0	90.0	1,335.0	6.7
1968-----	1,127.9	49.5	1,177.4	4.2
1969-----	1,484.9	71.8	1,556.7	4.7
1970-----	1,285.4	114.2	1,399.6	8.8
1971-----	1,244.2	56.5	1,300.7	4.4
1972-----	1,257.9	49.6	1,307.5	3.8
1973-----	1,711.0	73.9	1,784.9	4.1
1974-----	1,880.9	92.5	1,973.4	4.7
1974:	:	:	:	:
Jan.-June----	939.4	52.3	991.7	5.3
1975:	:	:	:	:
Jan.-June----	720.4	36.9	757.3	4.9

1/ Partly estimated from the Annual Reports of the President to the Congress on the Operation of the Automotive Products Trade Act of 1965.

Source: Compiled from firms' responses to the questionnaires of the United States International Trade Commission, except as noted.

Table 112.--Net direct investment income flows derived by the Big Four from automotive products operations in Canada, 1964-74

(In millions of U.S. dollars)

Year	:Income received: :from Canada 1/	:Income payments :to Canada 2/
1964-----	12.3	: None
1965-----	50.6	: None
1966-----	83.1	: None
1967-----	18.7	: None
1968-----	18.6	: None
1969-----	12.7	: None
1970-----	50.5	: None
1971-----	60.1	: None
1972-----	36.1	: None
1973-----	104.8	: None
1974-----	123.3	: None

1/ "Income received from Canada" measures dividend income (after Canadian income taxes) to United States parent organizations from their Canadian affiliates. It excludes charges for tooling and other engineering services provided.

2/ Income payments to Canada measures dividend income (after United States income taxes) to Canadian parent organizations from their United States affiliates. It excludes charges for tooling and other engineering services provided.

Source: Compiled from firms' responses to the questionnaires of the United States International Trade Commission.

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Table 113.--Big Four exports to and imports from Canada of raw materials, production machinery and equipment and miscellaneous services, related to the production of automotive products, 1964-74

(In millions of U.S. dollars)

Year	Raw materials		Production machinery: and equipment		Other ^{1/}	
	Exports	Imports	Exports	Imports	Exports	Imports
	1964-----	^{2/} 4.1	^{2/} 48.7	^{2/} 41.9	^{2/} 1.1	^{2/} 54.7
1965-----	^{2/} 6.8	^{2/} 60.4	^{2/} 41.4	^{2/} 1.5	^{2/} 50.0	^{2/} 7.4
1966-----	^{2/} 4.8	^{2/} 57.2	61.8	0.8	83.6	15.0
1967-----	^{2/} 3.6	^{2/} 55.0	54.5	1.4	103.3	36.7
1968-----	^{2/} 3.7	67.7	58.9	1.7	91.6	25.7
1969-----	^{2/} 7.9	46.4	10.3	3.8	128.3	43.6
1970-----	^{2/} 5.5	66.8	45.2	2.9	133.6	22.1
1971-----	16.9	86.2	13.0	0.7	107.6	12.9
1972-----	23.8	51.9	5.3	0.3	136.5	15.3
1973-----	26.7	87.6	11.5	0.8	215.0	18.8
1974-----	34.6	95.8	21.4	0.8	295.0	31.7

^{1/} Includes tooling and engineering charges.

^{2/} Partly estimated.

Source: Compiled from firms' responses to the questionnaires of the United States International Trade Commission, except as noted.

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Table 114.--Big Four trade balance with Canada for raw materials, production machinery and equipment and miscellaneous services related to the production of automotive products, 1964-74

(In millions of U.S. dollars)

Year	: Raw materials :	: Production machinery and equipment :	: Other :	: Overall trade balance :
	: (1) :	: (2) :	: (3) :	: ((1)+(2)+(3)) :
1964-----	-44.6	40.5	50.0	46.9
1965-----	-53.6	39.9	42.6	28.9
1966-----	-52.4	61.0	68.6	77.2
1967-----	-51.4	53.4	66.6	68.7
1968-----	-64.0	57.2	62.9	56.1
1969-----	-38.5	6.5	84.7	52.7
1970-----	-61.3	42.3	111.5	92.5
1971-----	-69.3	12.3	94.7	37.7
1972-----	-28.1	5.0	121.2	98.1
1973-----	-60.9	10.7	196.2	146.0
1974-----	-61.2	19.6	263.3	221.7

Source: Derived from data presented in table 113 of this report.

Table 115.--Big Four trade balance on automotive products, on materials and other automotive related products and services, net investment income received and current account balance with Canada, 1965-1974

(In millions of U.S. dollars)										
Item	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
(1) U.S. exports to Canada:										
Motor vehicles ^{1/} -----:	126.7	296.1	633.5	682.5	868.9	756.2	1,105.2	1,364.3	1,825.5	2,221.2
Parts and equipment-----:	688.5	798.1	925.9	1,288.8	1,528.1	1,553.2	1,910.4	2,088.9	2,493.3	2,923.8
Total-----:	815.2	1,094.2	1,559.4	1,971.3	2,397.0	2,309.4	3,015.6	3,453.2	4,318.8	5,145.0
(2) U.S. imports from Canada:										
Motor vehicles ^{1/} -----:	51.2	408.7	866.5	1,362.4	1,896.2	1,779.4	2,280.5	2,543.7	2,776.6	3,084.7
Parts and equipment-----:	83.2	252.6	349.8	628.3	765.8	885.5	1,180.5	1,457.9	1,673.2	1,495.3
Total-----:	134.4	661.3	1,216.3	1,990.7	2,662.0	2,664.9	3,461.0	4,001.6	4,449.8	4,579.5
(3) Net motor vehicle products trade balance with Canada ((1)-(2))--:	680.8	432.9	343.1	(19.4)	(265.0)	(355.5)	(445.4)	(548.4)	(131.0)	565.5
(4) Net trade balance on raw materials and other automotive related products and services with Canada-----:	28.9	77.2	68.7	56.1	52.7	92.5	37.7	98.1	146.0	221.7
(5) Net investment income received from Canada---	50.6	83.1	18.7	18.6	12.7	50.5	60.1	136.1	104.8	123.3
(6) Current account balance ((3) + (4) + (5))-----:	760.3	593.2	430.5	55.3	(199.6)	(215.5)	(347.6)	(314.2)	119.8	910.5

^{1/} Motor-vehicle trade is based on transfer values.

Source: Derived from data presented in tables 112 and 114 of this report and from firms' responses to the questionnaires of the United States International Trade Commission.

Table 116.--Average annual employment at U.S. and Canadian automotive production facilities of the Big Four, 1960-74

Year	Average number of employees			Canada as a percent of the total
	U.S. facilities	Canadian facilities	Total	
	<u>1,000 employees</u>	<u>1,000 employees</u>	<u>1,000 employees</u>	
				<u>Percent</u>
1960-----	708.0	29.5	737.5	4.0
1961-----	632.0	28.8	660.9	4.4
1962-----	688.8	31.2	720.0	4.4
1963-----	720.2	35.0	755.3	4.7
1964-----	744.1	38.6	782.8	5.0
1965-----	843.3	44.8	888.1	5.1
1966-----	863.7	58.4	922.1	6.3
1967-----	843.4	55.0	898.4	6.1
1968-----	887.4	55.5	942.9	5.9
1969-----	912.2	58.8	971.0	6.1
1970-----	791.0	50.5	841.5	6.0
1971-----	854.9	58.3	913.2	6.5
1972-----	863.0	57.9	920.9	6.3
1973-----	932.8	60.1	992.9	6.1
1974-----	833.2	58.9	892.1	6.6

Source: Compiled from firms' responses to the questionnaires of the United States International Trade Commission.

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Table 117.--Average annual employment of production and related workers at United States and Canadian automotive production facilities of the Big Four, 1960-74, January-June 1974 and 1975

Year	Average number of production and related workers (hourly workers)			Canada as a percent of the total
	U.S. facilities	Canadian facilities	Total	
	<u>1,000 employees</u>	<u>1,000 employees</u>	<u>1,000 employees</u>	<u>Percent</u>
1960-----	531.9	21.2	553.1	3.8
1961-----	462.9	20.6	483.5	4.3
1962-----	512.8	23.0	535.8	4.3
1963-----	538.3	26.4	564.7	4.7
1964-----	555.1	29.1	584.2	5.0
1965-----	641.0	34.3	675.3	5.1
1966-----	652.3	43.8	696.1	6.3
1967-----	635.0	41.5	676.5	6.2
1968-----	675.5	41.8	717.3	5.8
1969-----	694.9	44.8	739.0	6.1
1970-----	583.6	37.1	620.7	6.0
1971-----	655.2	45.2	700.4	6.4
1972-----	657.0	44.9	701.9	6.4
1973-----	717.8	47.4	765.2	6.2
1974-----	627.9	46.8	674.7	6.9
January-June:				
1974-----	627.4	48.4	675.8	7.2
1975-----	417.7	43.0	460.7	9.3

Source: Compiled from firms' responses to the questionnaires of the United States International Trade Commission.

Table 118.--Monthly employment of production and related workers at United States automotive production facilities of the Big Four, January 1973-September 1975

(In numbers of production and related workers)						
Month	1973	1974	1975	Net change: 1973-1974	Net change: 1974-1975	Net change: 1973-1975
January-----	713,124	682,057	507,899	-31,067	-174,158	-205,225
February-----	715,710	614,734	472,414	-100,976	-100,976	-243,296
March-----	718,032	594,946	497,196	-123,086	-97,750	-220,836
April-----	720,198	617,522	538,318	-102,676	-79,204	-181,880
May-----	725,842	633,704	561,385	-92,138	-72,319	-164,457
June-----	724,904	635,264	571,701	-89,640	-63,563	-153,203
July-----	684,467	584,417	497,472	-100,050	-86,945	-186,995
August-----	662,591	566,967	541,206	-95,624	-25,761	-121,385
September-----	721,702	680,839	620,951	-40,863	-59,888	-100,751
October-----	755,353	691,965	1/	-63,388	1/	1/
November-----	754,843	676,001	1/	-78,842	1/	1/
December-----	731,332	590,683	1/	-140,649	1/	1/
Average, Jan.-Sept.						
(9 months)---	709,619	623,383	534,282	-86,236	-89,101	-175,337
Average, 12 months---	719,008	630,758	1/	-88,250	1/	1/

1/ Not available.

Source: Compiled from data presented in firm's responses to the questionnaires of the United States International Trade Commission.

Table 119.--Monthly employment of production and related workers at Canadian automotive production facilities of the Big Four, January 1973-September 1975

(In numbers of production and related workers)						
Month	1973	1974	1975	Net change: 1973-1974	Net change: 1974-1975	Net change: 1973-1975
January-----	48,367	51,873	41,078	+3,506	-10,795	-7,289
February-----	48,312	48,171	40,684	-141	-7,487	-7,628
March-----	48,552	46,356	43,974	-2,196	-2,382	-4,578
April-----	49,268	46,905	44,735	-2,363	-2,170	-4,533
May-----	50,260	49,593	45,303	-667	-4,285	-4,952
June-----	51,192	49,348	46,554	-1,844	-2,794	-4,638
July-----	44,060	40,429	39,361	-3,631	-1,068	-4,699
August-----	38,915	38,936	34,202	+21	-4,734	-4,713
September-----	48,746	51,896	47,790	+3,150	-4,106	-956
October-----	53,046	52,208	1/	-838	1/	1/
November-----	52,799	53,108	1/	+309	1/	1/
December-----	49,883	50,140	1/	+257	1/	1/
Average,						
Jan.-Sept.						
(9 months)---	47,519	47,056	42,631	-463	-4,425	-4,888
Average,						
12 months---	48,617	48,247	1/	-370	1/	1/

1/ Not available.

Source: Compiled from data presented in firm's responses to the questionnaires of the United States International Trade Commission.

Table 120.--Monthly employment of production and related workers at U.S.-
Canadian automotive production facilities of the Big Four, January 1973-
September 1975

(In numbers of production and related workers)						
Month	1973	1974	1975	Net change: 1973-1974	Net change: 1974-1975	Net change: 1973-1975
January-----	: 761,491	: 733,930	: 548,977	: -27,561	: -184,953	: -212,514
February-----	: 764,022	: 662,905	: 513,098	: -101,117	: -149,807	: -250,924
March-----	: 766,584	: 641,302	: 541,170	: -125,282	: -100,132	: -225,414
April-----	: 769,466	: 664,427	: 583,053	: -105,039	: -81,374	: -186,413
May-----	: 776,102	: 683,297	: 606,693	: -92,805	: -76,604	: -169,409
June-----	: 776,096	: 684,612	: 618,255	: -91,484	: -66,357	: -157,841
July-----	: 728,527	: 624,846	: 536,833	: -103,681	: -88,013	: -191,694
August-----	: 701,506	: 605,903	: 575,408	: -95,603	: -30,495	: -126,098
September-----	: 770,448	: 732,735	: 668,741	: -37,713	: -63,994	: -101,707
October-----	: 808,399	: 744,173	: 1/	: -64,226	: 1/	: 1/
November-----	: 807,642	: 729,109	: 1/	: -78,533	: 1/	: 1/
December-----	: 781,215	: 640,823	: 1/	: -140,392	: 1/	: 1/
Average,	:	:	:	:	:	:
Jan.-Sept.	:	:	:	:	:	:
(9 months)---	: 757,138	: 670,440	: 576,914	: -86,698	: -93,526	: -180,224
Average,	:	:	:	:	:	:
12 months---	: 767,625	: 679,005	: 1/	: -88,620	: 1/	: 1/
:	:	:	:	:	:	:

1/ Not available.

Source: Compiled from data presented in tables 118 and 119 of this report.

Table 121.--Canadian share of monthly employment of production and related workers at U.S.-Canadian automotive production facilities of the Big Four, January 1973-September 1975

(In percent)

Month	1973	1974	1975
January-----	6.4	7.1	7.5
February-----	6.3	7.3	7.9
March-----	6.3	7.2	8.1
April-----	6.4	7.1	7.7
May-----	6.5	7.3	7.5
June-----	6.6	7.2	7.5
July-----	6.0	6.5	7.3
August-----	5.5	6.4	5.9
September-----	6.3	7.1	7.1
October-----	6.6	7.0	1/
November-----	6.5	7.3	1/
December-----	6.4	7.8	1/
Average, January-September (9 months)-----	6.3	7.0	7.4
Average, 12 months-----	6.3	7.1	1/

1/ Not available.

Source: Compiled from data presented in tables 119 and 120 of this report.

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Table 122.--U.S. and Canadian average hourly earnings 1/ in the motor-vehicle and motor-vehicle parts and accessories industries, 1960-1974

Year	Motor vehicles			Motor vehicle parts and accessories		
	United States	Canada	Canada as a percent of the United States	United States	Canada	Canada as a percent of the United States
	<u>U.S.</u> <u>dollars</u>	<u>U.S.</u> <u>dollars</u>	<u>Percent</u>	<u>U.S.</u> <u>dollars</u>	<u>U.S.</u> <u>dollars</u>	<u>Percent</u>
1960-----	2.89	2.27	78.6	2.76	2.13	77.2
1961-----	2.95	2.27	77.0	2.82	2.13	75.5
1962-----	3.08	2.31	75.0	2.95	2.08	70.5
1963-----	3.20	2.43	75.9	3.07	2.18	71.0
1964-----	3.31	2.50	75.5	3.19	2.31	72.4
1965-----	3.44	2.66	77.3	3.33	2.42	72.7
1966-----	3.54	2.72	76.8	3.44	2.45	71.2
1967-----	3.64	2.87	78.9	3.54	2.57	72.6
1968-----	3.99	3.26	81.7	3.89	2.83	72.8
1969-----	4.21	2.47	82.4	4.11	3.04	74.0
1970-----	4.38	4.02	91.8	4.18	3.49	83.5
1971-----	4.92	4.45	90.5	4.65	4.04	86.9
1972-----	5.32	4.91	92.3	5.05	4.31	85.4
1973-----	5.66	<u>2/</u>	<u>2/</u>	5.41	<u>2/</u>	<u>2/</u>
1974-----	6.16	<u>2/</u>	<u>2/</u>	5.81	<u>2/</u>	<u>2/</u>

1/ Includes only hourly wage-earners.

2/ Not available.

Source: U.S. Bureau of Labor Statistics, Employment and Earnings, various volumes and Motor Vehicle Manufacturers' Association (Canada), Facts and Figures of the Automotive Industry, Editions 1967 and 1974.

Table 123.--Value added per production worker man-hour in U.S. and Canadian motor-vehicle assembly and parts and accessories operations, 1967-72

Year	:Value added per production worker man- hour in motor-vehicle assembly			:Value added per production worker man-hour in motor-vehicle parts and accessories		
	: United States : (SIC 3711) 1/ :	: Canada : (SIC 323) :	: Canada as a percent of the United States :	: United States : (SIC 3714) :	: Canada : (SIC 325) :	: Canada as a percent of the United States :
	: <u>U.S.</u> <u>dollars</u> :	: <u>U.S.</u> <u>dollars</u> 2/ :	: <u>Percent</u> :	: <u>U.S.</u> <u>dollars</u> :	: <u>U.S.</u> <u>dollars</u> 2/ :	: <u>Percent</u> :
1967-----	14.02	11.05	78.8	9.37	6.26	66.8
1968-----	15.59	12.35	79.2	10.12	6.81	67.3
1969-----	15.88	13.34	84.0	11.31	7.77	68.7
1970-----	16.02	11.36	70.9	10.92	7.87	72.1
1971-----	20.38	13.45	66.0	12.84	9.53	74.2
1972-----	20.04	12.99	64.8	13.16	10.43	79.3

1/ Industry SIC 3711 includes also SIC 3712 passenger car bodies.

2/ Canadian dollar equivalent of 1 U.S. dollar equaled: 1967=1.08, 1968=1.08, 1969=1.07, 1970=1.07, 1971=1.01, and 1972= 1.01.

Source: Statistics Canada, Motor Vehicle Manufacturers and Manufacturers of Motor Vehicle Parts and Accessories; U.S. Bureau of the Census, Annual Survey of Manufacturers.

Table 124.--Motor vehicles (U.S.): Profit-and-loss and financial data of U.S. manufacturers of motor vehicles, accounting years 1960-74 ^{1/}

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results:							
Net sales-----	25,281.5	22,719.9	28,001.2	31,832.2	34,175.8	40,898.1	41,551.9
Net profit after income taxes-----	1,520.9	1,385.4	2,099.2	2,348.4	2,579.3	3,170.5	2,705.5
Net profit after income taxes as a ratio of:							
Net sales-----percent-----	6.0	6.1	7.5	7.4	7.6	7.8	6.5
Shareholders' equity-----do-----	14.3	12.5	17.3	18.0	18.3	20.2	16.3
Total assets-----do-----	10.3	8.4	11.7	11.9	12.1	13.1	10.5
Financial position:							
Current assets-----	7,174.3	9,005.2	10,061.5	11,017.9	11,230.0	12,599.1	12,839.2
Less current liabilities-----	2,561.0	3,737.4	4,059.7	4,712.2	5,189.7	6,340.9	6,521.6
Working capital-----	4,613.3	5,267.8	6,001.8	6,305.7	6,040.3	6,258.2	6,317.6
Current ratio-----	2.8 to 1	2.4 to 1	2.5 to 1	2.3 to 1	2.2 to 1	2.0 to 1	2.0 to 1
Property, plant, and equipment-net ^{2/} -----	5,565.6	6,076.8	6,259.6	6,719.7	7,941.3	9,299.2	10,483.3
Investments and other assets-----	2,004.8	1,503.9	1,678.5	1,978.7	2,090.0	2,351.0	2,408.9
Less long term liabilities and deferred credits-----	1,541.2	1,727.9	1,800.9	1,961.5	1,996.3	2,218.4	2,625.2
Shareholders' equity-----	10,642.5	11,120.6	12,139.0	13,042.6	14,075.3	15,690.0	16,584.6
Other financial and statistical data:							
Total assets-----	14,744.7	16,577.0	17,999.7	19,716.4	21,261.3	24,249.4	25,731.4
Capital expenditures ^{2/} -----	3/ 1,140.4	3/ 1,228.7	3/ 1,773.5	2,017.4	3,087.0	3,664.5	3,793.2
Depreciation and amortization expense-----	3/ 1,069.4	3/ 1,438.6	1,577.9	1,741.0	1,832.3	2,196.3	2,566.4

See footnotes at end of table.

Table 124.--Motor vehicles (U.S.): Profit-and-loss and financial data of U.S. manufacturers of motor vehicles, accounting years 1960-74 ¹/--Continued

(Money figures in millions of U.S. dollars unless otherwise indicated)									
Item	1967	1968	1969	1970	1971	1972	1973	1974	
Operating results:									
Net sales-----	39,948.1	47,709.1	49,493.0	44,533.6	56,954.8	65,285.7	76,536.8	73,107.2	
Net profit after income taxes-----	1,931.6	2,748.7	2,424.9	1,113.0	2,731.8	3,369.9	3,759.9	1,410.6	
Net profit after income taxes as a ratio :	:	:	:	:	:	:	:	:	:
of:									
Net sales-----percent--	4.8	5.8	4.9	2.5	4.8	5.2	4.9	1.9	
Shareholders' equity-----do--	11.4	15.1	12.8	5.9	13.7	15.6	16.1	6.1	
Total assets-----do--	7.1	9.3	7.8	3.5	7.5	8.7	8.8	3.3	
Financial position:									
Current assets-----	13,528.6	15,155.5	15,556.4	14,506.5	19,475.2	21,084.6	23,935.2	24,953.3	
Less current liabilities-----	7,301.7	8,119.4	8,657.1	8,951.5	11,953.2	11,886.6	13,865.6	15,818.6	
Working capital-----	6,226.9	7,036.1	6,899.3	5,555.0	7,522.0	9,198.0	10,070.0	9,134.7	
Current ratio-----	1.9 to 1	1.9 to 1	1.8 to 1	1.6 to 1	1.6 to 1	1.8 to 1	1.7 to 1	1.6 to 1	
Property, plant, and equipment-net ² /-----	11,218.3	11,493.3	12,175.8	13,267.7	13,166.0	13,310.0	14,127.0	15,679.2	
Investments and other assets-----	2,655.8	2,997.1	3,443.4	3,884.2	3,904.2	4,159.8	4,814.8	4,932.5	
Less long term liabilities and deferred credits-----	3,075.3	3,370.6	3,555.4	3,879.0	4,607.3	5,092.4	5,683.7	6,567.3	
Shareholders' equity-----	17,025.7	18,155.9	18,963.1	18,827.9	19,984.9	21,575.4	23,328.1	23,179.1	
Other financial and statistical data:									
Total assets-----	27,402.7	29,645.8	31,175.6	31,658.4	36,545.6	38,554.4	42,877.0	45,565.0	
Capital expenditures ² /-----	3,354.0	3,148.4	3,655.4	3,801.9	3,022.8	3,419.3	4,394.0	4,748.9	
Depreciation and amortization expense-----	2,657.5	2,796.6	2,894.1	2,782.5	3,084.1	3,184.2	3,416.3	3,067.6	

¹/ The accounting year for Chrysler Corp., Ford Motor Co., and General Motors Corp. ended December 31. The accounting year for American Motors Corp. ended September 30, and that of International Harvester Co. ended Oct. 31.

²/ Includes special tools.

³/ Data for American Motors Corp. are not available for these years.

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by U.S. motor-vehicle manufacturers.

Table 125.--Motor Vehicles (Canada): Profit-and-loss and financial data of 2 Canadian manufacturers of motor vehicles for accounting years 1960-69 and of 4 Canadian manufacturers for accounting years 1970-74 ^{1/}

(Money figures in millions of Canadian dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results							
Net sales-----	700.0	672.5	827.3	971.7	1,113.4	1,253.6	1,635.0
Net profit after income taxes-----	25.7	15.0	41.3	33.7	17.3	25.4	27.0
Net profit after income taxes as a ratio of:							
Net sales-----percent--	3.7	2.2	5.0	3.5	1.6	2.0	1.7
Shareholders' equity-----do--	8.7	5.0	12.7	9.7	4.9	7.0	7.2
Total assets-----do--	6.1	3.5	8.4	6.3	3.0	3.3	3.1
Financial position							
Current assets-----	257.3	267.7	320.9	341.2	348.6	459.8	511.5
Less current liabilities-----	109.6	116.8	156.1	179.2	229.7	329.2	382.4
Working capital-----	147.7	150.9	164.8	162.0	118.9	130.6	129.1
Current ratio-----	2.3 to 1	2.3 to 1	2.1 to 1	1.9 to 1	1.5 to 1	1.4 to 1	1.3 to 1
Property, plant, and equipment--net ^{2/} -----	149.1	147.5	158.5	173.2	209.9	265.1	304.2
Investments and other assets-----	12.4	13.3	13.3	19.2	28.6	34.1	45.7
Less long term liabilities and deferred credits-----	14.5	12.8	11.5	7.1	6.5	68.5	104.6
Shareholders' equity-----	294.7	298.9	325.1	347.3	350.9	361.3	374.4
Other financial data							
Total assets-----	418.9	428.5	492.7	533.6	584.7	758.9	861.4
Depreciation and amortization expense-----	30.5	31.5	30.2	32.7	34.6	39.2	45.5

Table 125.--Motor Vehicles (Canada): Profit-and-loss and financial data of 2 Canadian manufacturers of motor vehicles for accounting years 1960-69 and of 4 Canadian manufacturers for accounting years 1970-74 1/--Continued

(Money figures in millions of Canadian dollars unless otherwise specified)								
Item	1967	1968	1969	1970	1971	1972	1973	1974
Operating results								
Net sales-----	1,854.1	2,329.0	2,660.7	5,187.6	6,533.6	7,453.9	8,874.7	10,352.1
Net profit after income taxes-----	40.1	55.5	76.2	73.1	190.2	255.1	299.7	302.6
Net profit after income taxes as a ratio of:								
Net sales-----percent--	2.2	2.4	2.9	1.4	2.9	3.4	3.4	2.9
Shareholders' equity-----do--	10.0	12.5	15.2	6.6	15.6	19.3	18.8	18.4
Total assets-----do--	4.6	6.0	7.3	3.4	8.2	9.9	10.2	8.6
Financial position								
Current assets-----	464.2	486.6	601.3	1,251.0	1,377.8	1,559.4	1,927.4	2,311.0
Less current liabilities-----	367.3	357.5	422.8	825.1	847.4	962.6	1,169.8	1,555.0
Working capital-----	96.9	129.1	178.5	425.9	530.4	596.8	757.6	756.0
Current ratio-----	1.3 to 1	1.4 to 1	1.4 to 1	1.5 to 1	1.6 to 1	1.6 to 1	1.6 to 1	1.5 to 1
Property, plant and equipment--net 2/-----	353.7	361.8	360.1	809.9	781.4	827.0	918.9	954.5
Investments and other assets-----	55.1	72.4	79.1	119.0	148.6	185.2	199.2	242.6
Less long term liabilities and deferred credits-----	103.2	119.3	114.9	255.8	241.9	289.1	282.2	309.2
Shareholders' equity-----	402.5	444.0	502.8	1,101.0	1,218.5	1,319.9	1,593.5	1,643.9
Other financial data								
Total assets-----	872.9	920.8	1,040.5	2,180.0	2,308.0	2,571.8	2,945.3	3,508.5
Depreciation and amortization expense-----	54.7	68.6	68.4	169.0	202.4	177.8	222.6	220.3

1/ The accounting year for 3 producers ended Dec. 31, and that of the other producer ended Oct. 31.

2/ Includes special tools.

Source: Compiled from annual shareholder' reports submitted to the United States International Trade Commission by the U.S. motor-vehicle manufacturers.

Table 126--General Motors Corporation (U.S.): Consolidated profit-and-loss and financial data, 1960-74 1/

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results							
Net sales-----	12,736.0	11,395.9	14,640.2	16,494.8	16,997.0	20,734.0	20,208.5
Net profit after income taxes-----	959.0	892.8	1,459.1	1,591.8	1,734.8	2,125.6	1,793.4
Net profit after income taxes as a ratio of:							
Net sales-----percent-----	7.5	7.8	10.0	9.7	10.2	10.3	8.9
Shareholders' equity-----do-----	16.5	14.8	21.9	22.4	22.8	25.8	20.6
Total assets-----do-----	12.2	10.8	15.9	16.5	16.9	18.5	12.3
Financial position							
Current assets-----	4,057.0	4,483.5	5,158.9	5,362.6	5,455.5	5,912.5	6,008.9
Less current liabilities-----	1,257.7	1,424.9	1,630.8	1,635.2	1,804.5	2,227.6	2,402.9
Working capital-----	2,799.3	3,058.6	3,528.1	3,727.4	3,651.0	3,684.9	3,606.0
Current ratio-----	3.2 to 1	3.1 to 1	3.2 to 1	3.3 to 1	3.0 to 1	2.7 to 1	2.5 to 1
Property, plant, and equipment--net 2/-----	3,010.5	3,028.9	3,207.1	3,336.0	3,899.7	4,616.6	5,129.8
Investments and other assets-----	770.2	760.2	803.1	942.6	937.6	949.4	1,074.8
Less long term liabilities and deferred credits-----	765.3	822.1	887.3	885.0	889.3	1,013.6	1,084.5
Shareholders' equity-----	5,814.7	6,025.6	6,651.0	7,121.0	7,599.0	8,237.3	8,726.1
Other financial and statistical data							
Total assets-----	7,837.7	8,272.6	9,169.1	9,641.2	10,292.8	11,478.5	12,213.5
Capital expenditures 3/-----	526.0	645.1	1,175.3	1,239.2	1,681.5	2,051.8	2,078.8
Depreciation and amortization expenses-----	388.5	444.6	971.5	1,080.6	1,086.0	1,301.4	1,514.9
Per share data on common stock:							
Net profit 4/-----dollars-----	3.35	3.11	5.10	5.56	6.05	7.41	6.24
Dividends paid-----do-----	2.00	2.50	3.00	4.00	4.45	5.25	4.55
Shareholders' equity 4/-----do-----	20.61	21.30	23.46	25.09	26.71	27.68	29.37
Average number of employess-----number-----	595,151	552,984	604,718	640,073	660,977	734,594	745,425
Total payroll-----	3,487.1	3,238.8	3,894.9	4,312.8	4,592.5	5,488.3	5,559.7

Table 126.--General Motors Corporation (U.S.): Consolidated profit-and-loss and financial data, 1960-74 1/--Continued

(Money figures in million of U.S. dollars unless otherwise specified)

Item	1967	1968	1969	1970	1971	1972	1973	1974
Operating results								
Net sales-----	20,026.3	22,885.6	24,295.1	18,752.4	28,263.9	30,435.2	35,798.3	31,549.5
Net profit after income taxes-----	1,627.3	1,731.9	1,710.7	609.1	1,935.7	2,162.8	2,398.1	950.1
Net profit after income taxes as a ratio of:								
Net sales-----percent--	8.1	7.6	7.0	3.2	6.8	7.1	6.7	3.0
Shareholders' equity-----do--	17.6	17.8	16.7	6.2	17.9	18.5	19.1	7.6
Total assets-----do--	12.3	12.4	11.5	4.3	10.6	11.8	11.8	4.6
Financial position								
Current assets-----	6,846.5	7,335.4	7,697.6	6,234.8	10,511.6	10,538.5	12,166.5	11,644.8
Less current liabilities-----	2,840.1	3,105.2	3,345.6	3,224.4	5,981.2	4,973.7	5,969.7	6,102.8
Working capital-----	4,006.4	4,230.2	4,352.0	3,010.4	4,530.4	5,564.8	6,196.8	5,542.0
Current ratio-----	2.4 to 1	2.4 to 1	2.3 to 1	1.9 to 1	1.8 to 1	2.1 to 1	2.0 to 1	1.9 to 1
Property, plant, and equipment--net 2/-----	5,333.0	5,438.1	5,644.8	6,395.8	6,203.8	6,198.5	6,251.2	7,033.3
Investments and other assets-----	1,093.6	1,236.7	1,477.7	1,543.8	1,526.5	1,536.4	1,879.2	1,790.0
Less long term liabilities and deferred credits-----	1,171.8	1,148.2	1,246.6	1,096.2	1,455.5	1,616.8	1,760.4	1,834.7
Shareholders' equity-----	9,261.2	9,756.8	10,227.9	9,853.8	10,805.2	11,682.9	12,566.8	12,530.6
Other financial and statistical data								
Total assets-----	13,273.1	14,010.2	14,820.1	14,174.4	18,241.9	18,273.4	20,296.9	20,468.1
Capital expenditures 3/-----	1,793.8	1,726.0	1,906.9	2,282.8	1,643.7	1,838.6	2,104.4	2,554.0
Depreciation and amortization expense-----	1,552.2	1,582.2	1,657.5	1,498.8	1,790.6	1,786.7	1,983.9	1,704.9
Per share data on common stock:								
Net profit 4/-----dollars--	5.66	6.02	5.95	2.09	6.73	7.51	8.34	3.27
Dividends paid-----do--	3.80	4.30	4.30	3.40	3.40	4.45	5.25	3.40
Shareholders' equity 4/-----do--	31.23	32.94	34.58	33.28	36.58	39.64	42.71	42.58
Average number of employees-----number--	728,198	757,231	793,924	695,796	773,352	759,543	810,920	734,000
Total payroll-----	5,634.2	6,540.1	6,928.3	6,259.8	8,015.1	8,668.2	10,308.5	9,771.4

1/ Accounting year ended Dec. 31.

2/ Including special tools.

3/ Including special tools for the period 1962-74

4/ After deduction of dividends on preferred stock.

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by General Motors Corp.

Table 127.--General Motors of Canada: Profit-and-loss and financial data, accounting years 1970-74 1/

(Money figures in millions of Canadian dollars unless specified otherwise)

Item	1970	1971	1972	1973	1974
Operating results					
Net sales-----	1,390.3	2,493.1	2,466.9	3,116.1	3,613.5
Net profit or (loss) after income taxes-----	(26.2)	79.8	94.2	113.9	106.1
Net profit or (loss) after income taxes as a ratio of:					
Net sales-----percent-----	(1.9)	3.2	3.8	3.7	2.9
Shareholders' equity-----do-----	(7.9)	21.8	23.4	25.7	22.6
Total assets-----do-----	(3.6)	11.3	12.0	12.4	9.7
Financial position					
Current assets-----	384.0	413.8	471.6	626.7	722.0
Less current liabilities-----	262.4	225.4	233.6	366.0	504.2
Working capital-----	121.6	188.4	238.0	260.7	217.8
Current ratio-----	1.5 to 1	1.8 to 1	2.0 to 1	1.7 to 1	1.4 to 1
Investments and other assets--net-----	0.6	0.9	1.0	0.7	0.1
Property, plant and equipment 2/-----	338.8	291.1	315.0	289.2	370.9
Less long term liabilities and deferred credits-----	129.3	114.5	152.1	107.2	119.1
Shareholders' equity-----	331.7	365.9	401.9	443.4	469.7
Other financial and statistical data					
Total assets-----	723.4	705.8	787.7	916.6	1,093.1
Capital expenditures:					
Land and facilities-----	83.2	43.4	31.9	45.5	58.3
Special tools-----	91.2	25.8	72.5	54.6	154.4
Depreciation and amortization expense-----	85.8	115.6	80.1	124.2	129.3
Average number of employees-----	21,129	28,394	26,625	28,661	30,258
Payroll and benefit costs-----	208.5	320.4	322.2	391.0	449.6
Per share data:					
Net profit (loss)-----dollars-----	(32.27)	113.42	113.94	161.96	150.87
Dividends-----do-----	64.70	64.70	82.70	103.00	113.50
Shareholders' equity-----do-----	471.59	520.31	571.56	630.52	667.88

1/ Accounting year ended December 31. 2/ Including special tools.

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by General Motors of Canada.

Table 128 ---Ford Motor Company (U.S.): Consolidated profit-and-loss and financial data, accounting years 1960-74 1/

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results							
Net sales-----	6,797.6	6,709.4	8,089.4	8,742.5	9,670.8	11,536.8	12,240.0
Net profit after income taxes-----	427.9	409.6	480.7	488.5	505.6	703.0	621.0
Net profit after income taxes as a ratio of:							
Net sales-----percent--	6.3	6.1	5.9	5.6	5.3	6.1	5.1
Shareholders' equity-----do	14.9	13.1	14.1	18.0	12.6	15.7	13.0
Total assets-----do	11.4	8.0	8.9	8.2	7.8	9.3	7.7
Financial position							
Current assets-----	1,198.2	2,490.5	2,669.1	2,990.5	3,156.1	3,733.5	3,913.3
Less current liabilities-----	560.6	1,542.6	1,561.7	1,792.3	1,982.3	2,526.0	2,475.0
Working capital-----	637.6	947.9	1,107.4	1,198.2	1,173.8	1,207.5	1,438.3
Current ratio-----	2.1 to 1	1.6 to 1	1.7 to 1	1.7 to 1	1.6 to 1	1.5 to 1	1.6 to 1
Property, plant, and equipment--net 2/-----	1,515.7	2,097.0	2,140.2	2,280.3	2,587.6	3,020.1	3,439.4
Investments and other assets-----	1,042.9	532.5	607.2	678.0	715.6	843.2	737.7
Less long term liabilities and deferred credits-----	316.6	449.7	436.4	438.6	466.0	580.0	833.3
Shareholders' equity-----	2,879.6	3,127.7	3,418.4	3,717.9	4,011.0	4,490.8	4,782.1
Other financial and statistical data							
Total assets-----	3,756.8	5,120.0	5,416.5	5,948.8	6,459.3	7,596.8	8,090.4
Capital expenditures 2/-----	431.8	441.3	451.0	472.5	787.8	995.7	1,051.4
Depreciation and amortization expense-----	386.1	780.7	398.4	421.8	477.1	543.9	630.4
Per share data:							
Net profit-----dollars--	3.90	3.72	4.36	4.42	4.56	6.33	5.63
Dividends paid-----do	1.50	1.50	1.80	1.80	2.00	2.10	2.40
Shareholders' equity-----do	26.22	28.42	30.99	33.61	36.17	40.39	43.51
Average number of employees-----number--	266,027	262,066	302,563	316,568	336,841	364,487	388,016
Total payroll-----	1,495.3	1,491.8	1,822.2	1,983.1	2,242.1	2,613.0	2,807.8

Table 128.--Ford Motor Company (U.S.): Consolidated profit-and-loss and financial data, accounting years 1960-74 1/--Continued

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1967	1968	1969	1970	1971	1972	1973	1974
Operating results								
Net sales-----	10,515.7	14,075.1	14,755.6	14,979.9	16,443.0	20,194.4	23,015.1	23,620.6
Net profit after income taxes-----	84.1	626.6	546.5	515.7	656.7	870.0	906.5	360.9
Net profit after income taxes as a ratio of:								
Net sales-----percent-----	0.8	4.5	3.7	3.4	4.0	4.3	3.9	1.5
Shareholders' equity-----do-----	1.8	12.7	10.5	9.4	11.8	9.6	14.2	5.8
Total assets-----do-----	1.1	7.0	5.9	5.2	6.3	7.5	7.0	2.5
Financial position								
Current assets-----	3,336.3	4,128.3	4,087.1	4,358.0	4,767.3	5,544.5	6,189.5	6,841.2
Less current liabilities-----	2,467.9	2,994.0	2,979.4	3,275.0	3,420.9	3,860.0	4,529.0	5,340.9
Working capital-----	868.4	1,134.3	1,107.7	1,083.0	1,346.4	1,684.5	1,660.5	1,500.3
Current ratio-----	1.4 to 1	1.4 to 1	1.4 to 1	1.3 to 1	1.4 to 1	1.4 to 1	1.4 to 1	1.3 to 1
Property, plant and equipment--net 2/-----	3,843.8	3,964.9	4,111.2	4,324.9	4,509.1	4,737.9	5,192.7	5,684.0
Investments and other assets-----	786.7	860.0	1,001.0	1,221.2	1,233.4	1,351.6	1,571.8	1,648.4
Less long term liabilities and deferred credits--	909.2	1,012.6	997.9	1,161.2	1,541.7	1,812.7	2,019.9	2,591.4
Shareholders' equity-----	4,589.7	4,946.6	5,222.0	5,467.9	5,547.2	5,961.3	6,405.1	6,241.3
Other financial and statistical data								
Total assets-----	7,966.8	8,953.2	9,199.3	9,904.1	10,509.8	11,634.0	12,954.0	14,173.6
Capital expenditures 2/-----	1,035.9	879.3	957.5	973.5	1,039.2	1,153.7	1,486.0	1,451.2
Depreciation and amortization expenses-----	676.0	748.2	803.7	823.5	823.6	913.3	948.2	923.5
Per share data:								
Net profit-----dollars-----	0.77	5.73	5.03	4.77	6.18	8.52	9.13	3.86
Dividends paid-----do-----	2.40	2.40	2.40	2.40	2.50	2.67	3.20	3.20
Shareholders' equity-----do-----	41.86	45.17	47.77	50.13	53.24	58.74	64.57	66.69
Average number of employees-----number--	394,323	415,039	436,414	431,727	433,074	442,607	474,318	464,731
Total payroll-----	2,666.3	3,363.5	3,523.8	3,675.2	4,066.6	4,905.5	5,769.2	5,892.6

1/ Accounting year ended Dec. 31.

2/ Including special tools.

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by Ford Motor Company.

Table 129.--Ford Motor Company of Canada Limited: Consolidated profit-and-loss and financial data, accounting years, 1960-74 1/

(Money figures in millions of Canadian dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results							
Net sales:							
Canada-----	-	324.1	391.2	477.9	555.7	631.8	665.3
Ford Motor Co. (U.S.)-----	-	-	-	-	-	42.9	343.1
Overseas-----	-	205.0	282.4	319.4	362.3	364.2	380.3
Total net sales-----	543.7	529.1	673.6	797.3	918.0	1,038.9	1,388.7
Net profit after income taxes:							
Canada-----	-	7.2	18.3	15.0	8.5	6.2	8.8
Overseas-----	-	3.1	15.9	9.4	(1.1)	9.2	8.0
Total net profit-----	20.6	10.3	34.2	24.4	7.4	15.4	16.8
Net profit after income taxes as a ratio of:							
Sales-----percent--	3.8	2.0	5.1	3.1	0.8	1.5	1.2
Shareholders' equity-----do--	8.7	4.3	13.1	8.8	2.7	5.4	5.8
Total assets-----do--	6.2	3.0	8.6	5.6	1.5	2.5	2.4
Financial position							
Current assets-----	203.9	215.0	259.8	276.8	283.1	351.9	389.9
Less current liabilities-----	95.0	102.6	137.4	157.1	208.8	284.0	322.3
Working capital-----	108.9	112.4	122.4	119.7	74.3	67.9	67.6
Current ratio-----	2.1 to 1	2.1 to 1	1.9 to 1	1.8 to 1	1.4 to 1	1.2 to 1	1.2 to 1
Investments and other assets-----	2.7	3.1	2.0	8.2	16.2	25.2	30.8
Property, plant and equipment--net 2/--	126.7	124.1	135.7	149.2	185.7	239.7	276.6
Less long term liabilities and deferred credits-----	1.1	.3	-	-	-	49.5	83.2
Shareholders' equity-----	237.2	239.3	261.0	277.1	276.2	283.3	291.8

Table 129.--Ford Motor Company of Canada Limited: Consolidated profit-and-loss and financial data, accounting years 1960-74 1/--Cont'd

(Money figures in millions of Canada dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Other financial and statistical data							
Shareholders' equity invested in:							
Canada-----	-	-	-	109.4	172.7	177.0	184.2
Overseas-----	-	-	-	86.7	103.5	106.3	107.6
Assets:							
Canada-----	220.9	241.6	246.6	274.4	276.0	361.3	420.8
Overseas-----	112.4	100.6	151.8	159.8	209.0	255.5	276.5
Total assets-----	333.3	342.2	398.4	434.2	485.0	616.8	697.3
Capital expenditures:							
Land and facilities-----	23.6	18.1	26.4	29.7	41.0	57.1	46.5
Special tools-----	18.9	14.3	12.7	14.4	29.2	33.3	32.7
Depreciation and amortization expense-----	27.6	28.9	27.6	30.1	32.1	36.4	42.3
Per share data:							
Net profit-----dollars--	2.48	1.25	4.12	2.94	0.89	1.85	2.02
Dividends-----do-----	1.00	1.00	1.50	1.00	1.00	1.00	1.00
Shareholders' equity-----do-----	28.60	28.85	31.47	33.41	33.30	34.15	35.17
Average number of employees:							
Canada-----	-	-	11,123	12,702	13,769	13,794	14,839
Overseas-----	-	-	9,675	16,671	11,783	12,480	13,002
Payroll and benefit costs:							
Canada-----	-	-	77.6	92.3	103.8	119.7	128.7
Overseas-----	-	-	33.1	36.8	44.3	48.5	52.8

Table 129.--Ford Motor Company of Canada Limited: Consolidated profit-and-loss and financial data, accounting years, 1960-74 1/--Cont'd

(Money figures in millions of Canadian dollars unless otherwise specified)

Item	1967	1968	1969	1970	1971	1972	1973	1974
Operating results								
Net sales:								
Canada-----	671.2	863.4	817.4	754.6	886.1	1,092.4	1,301.5	1,700.8
Ford Motor Co. (U.S.)-----	505.2	811.8	1,056.5	1,038.5	1,009.5	1,286.1	1,432.8	1,519.9
Overseas-----	427.7	428.9	523.3	597.2	572.2	705.9	860.0	1,038.7
Total net sales-----	1,604.1	2,104.1	2,397.2	2,390.3	2,467.8	3,084.4	3,594.3	4,259.4
Net profit after income taxes:								
Canada-----	13.1	30.7	39.0	32.2	53.4	90.5	102.1	127.5
Overseas-----	18.5	19.5	33.3	37.2	22.4	11.1	26.7	26.8
Total net income after taxes-----	31.6	50.2	72.3	69.4	75.8	101.6	130.8	154.3
Net income after income taxes as a ratio of:								
Sales-----percent--	2.0	2.4	3.0	2.9	3.1	3.3	3.6	3.6
Shareholders' equity-----do--	10.0	14.2	17.6	15.0	14.7	17.2	19.1	19.8
Total assets-----do--	4.6	6.9	8.7	7.8	7.7	9.2	10.4	10.6
Financial position								
Current assets-----	341.4	360.4	457.2	484.3	519.5	600.3	743.2	895.5
Less current liabilities-----	299.0	286.9	330.7	347.0	396.3	438.9	474.7	586.8
Working capital-----	42.4	73.5	126.5	137.3	123.2	161.4	268.5	308.7
Current ratio-----	1.1 to 1	1.3 to 1	1.4 to 1	1.4 to 1	1.3 to 1	1.4 to 1	1.6 to 1	1.5 to 1
Investments and other assets-----	32.6	39.8	42.2	50.7	77.7	94.0	99.8	122.7
Property, plant and equipment--net 2/--	322.6	332.1	330.5	358.7	389.8	414.8	416.4	444.1
Less long term liabilities and deferred credits-----	82.5	92.6	88.6	83.2	76.3	81.2	101.0	98.0
Shareholders' equity-----	315.1	352.8	410.6	463.5	514.4	589.0	683.7	777.5

Table 129.--Ford Motor Company of Canada Limited: Consolidated profit-and-loss and financial data, accounting years, 1960-74 1/--Cont'd.

(Money figures in millions of Canadian dollars unless otherwise specified)

Item	1967	1968	1969	1970	1971	1972	1973	1974
<u>Other financial and statistical data</u>								
Shareholders' equity invested in:								
Canada-----	192.2	218.4	248.1	273.5	283.8	342.0	415.6	480.1
Overseas-----	122.9	134.4	162.5	190.0	230.6	247.0	268.1	297.4
Assets:								
Canada-----	442.5	463.1	497.8	493.8	534.0	620.4	703.3	828.8
Overseas-----	254.1	269.2	332.1	399.9	453.0	488.7	556.1	633.5
Total assets-----	696.6	732.2	829.9	893.7	987.0	1,109.1	1,259.4	1,462.3
Capital expenditures:								
Land and facilities-----	64.5	34.1	22.1	42.2	45.9	54.5	36.5	38.9
Special tools-----	31.9	39.4	40.2	49.6	45.4	40.9	37.5	53.9
Depreciation and amortization expense-----	50.4	64.0	63.9	63.6	60.2	70.5	72.4	65.1
Per share data:								
Net profit-----dollars--	3.81	6.05	8.72	8.37	9.14	12.25	15.77	18.60
Dividends-----do--	1.00	1.50	1.75	2.00	3.00	3.25	4.35	7.30
Shareholders' equity-----do--	37.98	42.53	49.50	55.87	62.01	71.01	82.43	93.73
Average number of employees:								
Canada-----	14,855	15,451	16,183	17,054	17,341	17,702	17,830	16,102
Overseas-----	13,619	13,631	53,343	17,328	17,780	19,348	21,517	21,983
Payroll and benefit costs:								
Canada-----	125.5	163.0	176.8	196.8	224.8	260.8	296.8	308.2
Overseas-----	55.9	57.4	67.0	84.5	95.6	118.1	179.4	206.8

1/ Accounting year ended Dec. 31. 2/ Including special tools

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by Ford Motor Company of Canada Limited.

Table 130.--Chrysler Corporation (U.S.): Consolidated profit-and-loss and financial data, accounting years 1960-74 1/

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results							
Net sales-----	3,007	2,127	2,378	3,505	4,287	5,300	5,650
Net profit after income taxes-----	32	11	65	162	214	239	194
Net profit after income taxes as a ratio of:							
Net sales-----percent-----	1.1	0.5	2.7	4.6	5.0	4.5	3.4
Shareholders' equity-----do-----	4.5	1.5	8.4	17.6	19.1	14.9	11.2
Total assets-----do-----	2.3	0.8	4.3	7.6	8.8	8.1	6.1
Financial position							
Current assets-----	802	892	1,007	1,374	1,286	1,503	1,495
Less current liabilities-----	371	386	438	798	879	937	1,022
Working capital-----	431	506	569	576	407	566	473
Current ratio-----	2.2 to 1	2.3 to 1	2.3 to 1	1.7 to 1	1.5 to 1	1.6 to 1	1.5 to 1
Property, plant, and equipment--net 2/--	510	439	399	556	871	1,067	1,282
Investments and other assets-----	57	68	119	195	264	388	400
Less long term liabilities-----	294	301	317	406	420	415	425
Shareholders' equity-----	704	712	770	921	1,122	1,606	1,730
Other financial and statistical data							
Total assets-----	1,369	1,399	1,525	2,125	2,421	2,958	3,177
Capital expenditures 2/--	120	88	88	183	473	449	506
Depreciation and amortization expenses-----	239	157	122	153	169	250	303
Per share data:							
Net profit-----dollars-----	0.88	0.30	1.74	4.23	5.50	5.59	4.27
Dividends paid-----do-----	0.36	0.24	0.24	0.42	0.96	1.25	2.00
Shareholders' equity-----do-----	19.03	19.00	20.48	23.86	28.64	34.59	37.80
Average number of employees-----number-----	115,645	83,659	86,648	120,447	142,410	166,773	183,121
Total payroll-----	739.4	562.7	626.9	819.1	1,019.2	1,222.6	1,338.7

Table 130.--Chrysler Corporation (U.S.): Consolidated profit-and-loss and financial data, accounting years 1960-74 1/--Continued

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1967	1968	1969	1970	1971	1972	1973	1974
Operating results								
Net sales-----	6,213	7,445	7,052	7,000	7,999	9,759	11,774	10,971
Net profit or (loss) after income taxes-----	203	303	99	(8)	84	220	255	(52)
Net profit or (loss) after income taxes as a ratio of:								
Net sales-----percent-----	3.3	4.1	1.4	(0.1)	1.1	2.3	2.2	(0.5)
Shareholders' equity-----do-----	10.9	14.4	4.6	(0.4)	3.7	8.8	9.3	(2.0)
Total assets-----do-----	5.1	6.8	2.1	(0.2)	1.7	4.0	4.2	(0.8)
Financial position								
Current assets-----	1,967	2,253	2,230	2,167	2,411	2,896	3,238	3,697
Less current liabilities-----	1,397	1,428	1,644	1,548	1,648	1,941	2,094	2,709
Working capital-----	570	825	586	619	763	955	1,144	988
Current ratio-----	1.4 to 1	1.6 to 1	1.4 to 1	1.4 to 1	1.5 to 1	1.4 to 1	1.5 to 1	1.4 to 1
Property, plant, and equipment--net 2/-----	1,407	1,472	1,753	1,803	1,729	1,680	1,926	2,062
Investment and other assets-----	606	716	759	846	860	921	941	974
Less long term liabilities-----	717	903	944	1,112	1,083	1,067	1,283	1,364
Shareholders' equity-----	1,866	2,110	2,154	2,156	2,269	2,489	2,728	2,660
Other financial and statistical data								
Total assets-----	3,980	4,441	4,742	4,816	5,000	5,497	6,105	6,733
Capital expenditures 2/-----	392	422	647	416	250	335	629	468
Depreciation and amortization expenses-----	314	349	337	350	359	369	372	324
Per share data:								
Net profit or (loss)-----dollars-----	4.41	6.49	2.09	(0.16)	1.67	4.27	4.80	(0.92)
Dividends paid-----do-----	2.00	2.00	2.00	0.60	0.60	0.90	1.30	1.40
Shareholders' equity-----do-----	40.24	44.90	44.94	43.55	44.53	47.54	50.10	44.89
Average number of employees-----number-----	215,907	231,089	234,941	228,332	227,397	244,844	273,254	255,929
Total payroll-----	1,467.4	1,802.0	1,813.3	1,784.0	2,036.3	2,436.4	3,133.8	2,913.2

1/ Accounting year ended Dec. 31.

2/ Including special tools.

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by Chrysler Corp.

Table 131.--Chrysler Canada Ltd.: Profit-and-loss and financial data, accounting years 1970-74 1/

(Money figures in millions of Canadian dollars unless otherwise specified)

Item	1970	1971	1972	1973	1974
Operating results					
Net sales-----	1,154.8	1,291.8	1,536.2	1,695.1	1,929.2
Net profit after taxes-----	26.8	26.5	41.5	33.2	18.6
Net profit after income taxes as a ratio of:					
Net sales-----percent--	2.3	2.1	2.7	2.0	1.0
Shareholders' equity-----do--	12.7	11.2	19.0	13.6	7.1
Total assets-----do--	7.8	6.9	10.1	7.3	3.6
Financial position					
Current assets-----	241.4	284.3	308.1	342.0	397.8
Less current liabilities-----	121.7	136.1	178.7	190.9	240.1
Working capital-----	119.7	148.2	129.4	151.1	157.7
Current ratio-----	2.0 to 1	2.1 to 1	1.7 to 1	1.8 to 1	1.7 to 1
Investments and other assets-----	19.1	26.0	32.9	31.0	30.5
Property, plant and equipment--net-----	83.4	73.5	68.9	81.6	93.7
Less long term liabilities-----	11.2	10.2	12.2	19.4	19.1
Shareholders' equity-----	211.0	237.5	219.0	244.3	262.8
Other financial data					
Total assets-----	344.0	383.9	409.9	454.4	522.0
Per share data:					
Net profit-----dollars--	134.20	132.60	207.38	166.16	93.00
Dividends-----do--	-	-	300.00	40.00	-
Shareholders's equity-----do--	1,055.08	1,187.69	1,095.06	1,221.22	1,314.23
Depreciation and amortization expense-----	15.8	23.1	23.2	21.2	21.1

1/ Accounting year ended Dec. 31.

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by Chrysler Canada Ltd.

Table 132.--American Motors Corporation (U.S.): Consolidated profit-and-loss and financial data, accounting years 1960-74 1/

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results							
Net sales-----	1,057.7	875.7	1,056.4	1,132.5	1,009.5	990.6	870.4
Net profit or (loss) after income taxes-----	48.2	23.6	34.2	37.8	26.2	5.2	(12.6)
Net profit or (loss) after income taxes as a ratio of:							
Net sales-----percent--	4.6	2.7	3.2	3.3	2.6	.5	(1.9)
Shareholders' equity-----do--	21.6	10.5	13.7	13.8	9.4	2.0	(4.9)
Total assets-----do--	14.3	7.1	9.0	8.6	6.2	1.1	(2.8)
Financial Position							
Current assets-----	203.8	206.9	237.4	280.0	232.5	265.3	253.9
Less current liabilities-----	107.7	103.8	121.0	161.1	137.9	181.0	201.1
Working capital-----	96.1	103.1	116.4	118.9	94.6	84.3	52.8
Current ratio-----	1.9 to 1	2.0 to 1	2.0 to 1	1.7 to 1	1.7 to 1	1.5 to 1	1.3 to 1
Property, plant, and equipment-net 2/-----	94.8	85.7	88.8	106.2	126.2	140.8	151.1
Investments and other assets-----	39.8	40.3	48.8	54.1	62.0	50.8	54.5
Less long term liabilities and deferred credit-----	7.4	3.5	4.6	6.1	4.1	8.7	3.8
Shareholders' equity-----	223.3	225.6	249.4	273.1	278.7	267.2	254.6
Other financial and statistical data							
Total assets-----	338.4	333.0	375.1	440.4	420.7	457.0	459.5
Capital expenditures 2/-----	3/	3/	3/	46.6	64.1	47.6	57.8
Depreciation and amortization expense-----	3/	3/	29.6	30.0	44.2	33.6	47.5
Per share data:							
Net profit or (loss)-----dollars--	2.63	1.28	1.85	2.01	1.38	0.27	(0.66)
Dividends-----do--	1.15	1.20	.80	1.01	1.15	.87	-
Shareholders' equity-----do--	12.18	12.27	13.32	14.39	14.39	14.02	13.35
Average number of employees-----number--	30,255	28,641	30,136	32,983	32,016	31,875	27,845
Employees wages and benefits-----	225.9	193.4	247.4	272.1	243.8	247.2	230.7

See footnotes at end of table.

Table 132.--American Motors Corporation (U.S.): Consolidated profit-and loss and financial data, accounting years 1960-74 1/--Continued

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1967	1968	1969	1970	1971	1972	1973	1974
Operating results								
Net sales-----	651.2	761.1	737.5	1,089.8	1,232.6	1,403.8	1,756.9	2,000.2
Net profit or (loss) after income taxes----	(75.8)	11.8	4.9	(56.2)	10.2	30.5	86.0	27.5
Net profit or (loss) after income taxes as a ratio of:								
Net sales-----percent--	(11.6)	1.6	.7	(5.2)	.8	2.2	4.9	1.4
Shareholders' equity-----do----	(42.0)	6.2	2.4	(27.6)	4.8	12.5	25.0	7.2
Total assets-----do----	(20.1)	3.4	1.3	(10.3)	2.0	5.3	12.1	3.2
Financial Position								
Current assets-----	221.0	227.7	236.8	335.6	324.0	379.0	445.7	513.2
Less current liabilities-----	186.0	149.8	134.2	259.4	233.6	230.6	265.7	356.1
Working capital-----	35.0	77.9	102.6	76.2	90.4	148.4	180.0	157.1
Current ratio-----	1.2 to 1	1.5 to 1	1.8 to 1	1.3 to 1	1.4 to 1	1.6 to 1	1.7 to 1	1.4 to 1
Property, plant, and equipment-net 2/-----	137.6	106.5	119.2	168.2	159.2	152.1	187.6	245.5
Investments and other assets-----	19.1	14.9	29.0	42.8	35.5	44.6	75.1	104.2
Less long term liabilities and deferred credit-----	12.9	8.7	46.8	83.8	71.1	100.9	99.1	124.2
Shareholders' equity-----	178.8	190.6	204.0	203.4	214.0	244.2	343.6	383.0
Other financial and statistical data								
Total assets-----	377.7	349.0	385.0	546.6	518.9	575.7	708.4	863.3
Capital expenditures 2/-----	38.8	19.1	47.0	41.1	27.2	30.7	68.1	95.1
Depreciation and amortization expense-----	39.7	39.7	34.2	43.3	36.1	37.5	34.5	39.7
Per share data:								
Net profit or (loss)-----dollars--	(3.98)	0.61	0.26	(2.28)	0.40	1.18	2.68	0.86
Dividends-----do-----	-	-	-	-	-	-	-	.20
Shareholders' equity-----do-----	9.37	9.99	10.69	8.02	8.43	9.61	12.68	13.05
Average number of employees-----number--	23,704	21,338	16,910	22,769	23,991	25,469	28,259	33,143
Employees wages and benefits-----	215.3	202.9	179.6	252.7	295.6	347.7	450.6	539.6

1/ Accounting year ended September 30.

2/ Including special tools.

3/ Data not available.

Source: Compiled from annual shareholder's reports submitted to the United States International Trade Commission by American Motors Corp.

Table 133.--International Harvester (U.S.): Profit-and-loss and financial data, 1960-74 1/

(Money figures in millions of U.S. dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results							
Net sales:							
United States-----	1,190.8	1,123.6	1,344.7	1,420.5	1,568.6	1,674.7	1,929.5
Canada-----	142.7	126.1	124.9	139.9	157.6	174.1	187.4
Other countries-----	349.7	362.2	367.6	397.0	485.3	487.9	466.1
Total-----	1,683.2	1,611.9	1,837.2	1,957.4	2,211.5	2,336.7	2,583.0
Net profit after income taxes-----	53.8	48.4	60.2	68.3	98.7	97.7	109.7
Net income after income taxes as a ratio of:							
Net sales-----percent-----	3.2	3.0	3.3	3.5	4.5	4.2	4.3
Shareholders' equity-----do-----	5.3	4.7	5.7	6.7	9.3	13.7	14.7
Total assets-----do-----	3.7	3.3	4.0	4.4	5.9	5.6	6.1
Financial position							
Current assets-----	913.3	932.3	989.1	1,010.8	1,099.9	1,184.8	1,168.1
Less current liabilities-----	264.0	280.1	308.2	355.0	386.0	400.0	420.6
Working capital-----	649.3	652.2	680.9	685.2	713.9	715.5	747.5
Current ratio-----	3.5 to 1	3.3 to 1	3.2 to 1	3.1 to 1	2.8 to 1	2.5 to 1	2.8 to 1
Property, plant, and equipment--net-----	434.6	426.2	424.5	441.2	456.8	454.7	481.0
Investments and other assets-----	94.9	102.9	100.4	109.0	110.8	119.6	141.9
Less long term liabilities and deferred credits-----	157.9	151.6	150.0	225.8	216.9	201.1	278.6
Shareholders' equity-----	1,020.9	1,029.7	1,050.2	1,009.6	1,064.6	1,088.7	1,091.8
Other financial data and statistical data							
Total assets-----	1,442.8	1,452.4	1,514.0	1,561.0	1,667.5	1,759.1	1,791.0
Capital expenditures-----	62.6	54.3	59.2	76.1	80.6	120.4	99.2
Depreciation and amortization expense-----	55.8	56.3	56.4	55.6	56.0	67.4	70.6
Per share data:							
Net profit-----dollars-----	1.70	1.51	1.93	2.29	3.39	3.36	3.86
Dividends paid-----do-----	1.20	1.20	1.20	1.20	1.35	1.48	1.73
Shareholders' equity-----do-----	33.23	33.54	34.27	34.28	36.25	37.20	38.71

Table 133.--International Harvester (U.S.): Profit-and-loss and financial data, 1960-74 1/--Continued

(Money figures in millions of dollars unless otherwise specified)									
Item	1967	1968	1969	1970	1971	1972	1973	1974	
Operating results									
Net sales:									
United States-----	1,890.3	1,905.9	1,981.7	2,031.3	2,287.9	2,631.6	3,022.3	3,447.4	
Canada-----	182.4	158.7	172.2	150.9	199.6	269.1	338.8	407.9	
Other countries-----	469.2	477.7	498.9	529.3	528.8	592.6	831.4	1,080.6	
Total-----	2,541.9	2,542.3	2,652.8	2,711.5	3,016.3	3,493.3	4,192.5	4,965.9	
Net profit after income taxes-----	93.0	75.4	63.8	52.4	45.2	86.6	114.3	124.1	
Net income after income taxes as a ratio of:									
Net sales-----percent--	3.7	3.0	2.4	1.9	1.5	2.5	2.7	2.5	
Shareholders' equity-----do--	12.5	9.8	8.5	6.8	5.7	10.3	12.9	13.1	
Total assets-----do--	5.2	4.0	3.2	2.4	2.0	3.4	4.1	3.7	
Financial position									
Current assets-----	1,157.8	1,211.1	1,304.9	1,411.1	1,461.3	1,726.6	1,895.5	2,257.1	
Less current liabilities-----	410.7	442.4	553.9	644.7	669.5	881.3	1,006.8	1,309.8	
Working capital-----	747.1	768.7	751.0	766.4	791.8	845.3	888.7	947.3	
Current ratio-----	2.1 to 1	2.7 to 1	2.4 to 1	2.2 to 1	2.2 to 1	2.0 to 1	1.9 to 1	1.7 to 1	
Property, plant, and equipment--net-----	496.9	511.8	547.6	575.8	564.9	541.5	569.5	654.4	
Investments and other assets-----	150.4	169.5	176.7	230.4	248.8	306.2	347.7	415.5	
Less long term liabilities and deferred credits-----	264.4	298.1	320.1	425.8	456.0	495.0	521.3	653.0	
Shareholders' equity-----	1,130.0	1,151.9	1,155.2	1,146.8	1,149.5	1,198.0	1,284.6	1,364.2	
Other financial data and statistical data									
Total assets-----	1,805.1	1,892.4	2,029.2	2,217.3	2,275.0	2,574.3	2,812.7	3,327.0	
Capital expenditures-----	93.5	102.0	97.0	88.9	62.7	61.3	106.5	180.6	
Depreciation and amortization expense-----	75.6	77.5	61.7	66.9	74.8	77.7	77.7	75.5	
Per share data:									
Net profit-----dollars--	3.31	2.69	2.30	1.92	1.65	3.17	4.13	4.46	
Dividends paid-----do--	1.80	1.80	1.80	1.80	1.60	1.40	1.50	1.60	
Shareholders' equity-----do--	40.23	41.14	41.70	42.06	42.10	43.87	46.21	49.08	

1/ Accounting year ended Oct. 31.

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by International Harvester Company

Table 134.--International Harvester Canada: Profit-and-loss and financial data, accounting years 1960-74 1/

(Money figures in millions of Canadian dollars unless otherwise specified)

Item	1960	1961	1962	1963	1964	1965	1966
Operating results							
Net sales:							
Canada-----	134.0	123.2	129.7	149.8	170.1	187.6	201.5
United States-----	21.3	17.1	22.9	22.9	22.6	25.0	42.6
Other-----	1.0	3.1	1.1	1.7	2.7	2.1	2.2
Total net sales-----	156.3	143.4	153.7	174.4	195.4	214.7	246.3
Net profit after income taxes-----	5.1	4.7	7.1	9.3	9.9	10.0	10.2
Net profit after income taxes as a ratio of:							
Net sales-----percent-----	3.3	3.3	4.6	5.3	5.1	4.7	4.1
Stockholders equity-----do-----	9.2	8.2	11.9	14.5	14.1	13.2	13.1
Total assets-----do-----	6.0	5.5	7.5	9.4	9.9	7.0	6.2
Financial position							
Current assets-----	53.4	52.7	61.1	64.4	65.5	107.9	121.5
Less current liabilities-----	14.6	14.2	18.6	22.0	20.9	45.2	60.1
Working capital-----	38.8	38.5	42.5	42.4	44.6	62.7	61.4
Current ratio-----	3.7 to 1	3.7 to 1	3.3 to 1	2.9 to 1		2.4 to 1	2.0 to 1
Investments and other assets-----	9.7	10.2	10.4	11.0	12.4	8.9	14.9
Property, plant and equipment--nat-----	22.5	23.4	22.7	23.9	24.2	25.3	27.7
Less long term liabilities-----	13.5	12.5	11.5	7.1	6.5	18.9	21.4
Shareholders' equity-----	57.5	59.6	64.1	70.2	74.7	78.0	82.6
Other financial and statistical data							
Total assets-----	85.6	86.3	94.2	99.3	99.7	142.1	164.1
Capital expenditures-----	4.3	3.6	2.1	4.3	3.0	4.0	5.8
Depreciation and amortization expense-----	2.9	2.6	2.6	2.6	2.5	2.8	3.2
Per share data:							
Net income-----dollars-----	34.00	31.33	47.33	62.00	66.00	67.67	68.00
Dividends-----do-----	23.33	16.67	17.33	33.33	36.00	51.33	37.33
Shareholders' equity-----do-----	383.33	397.33	427.33	468.00	498.00	520.00	550.67
Average number of employees (Canada)-----	-	-	-	-	-	6,462	7,515

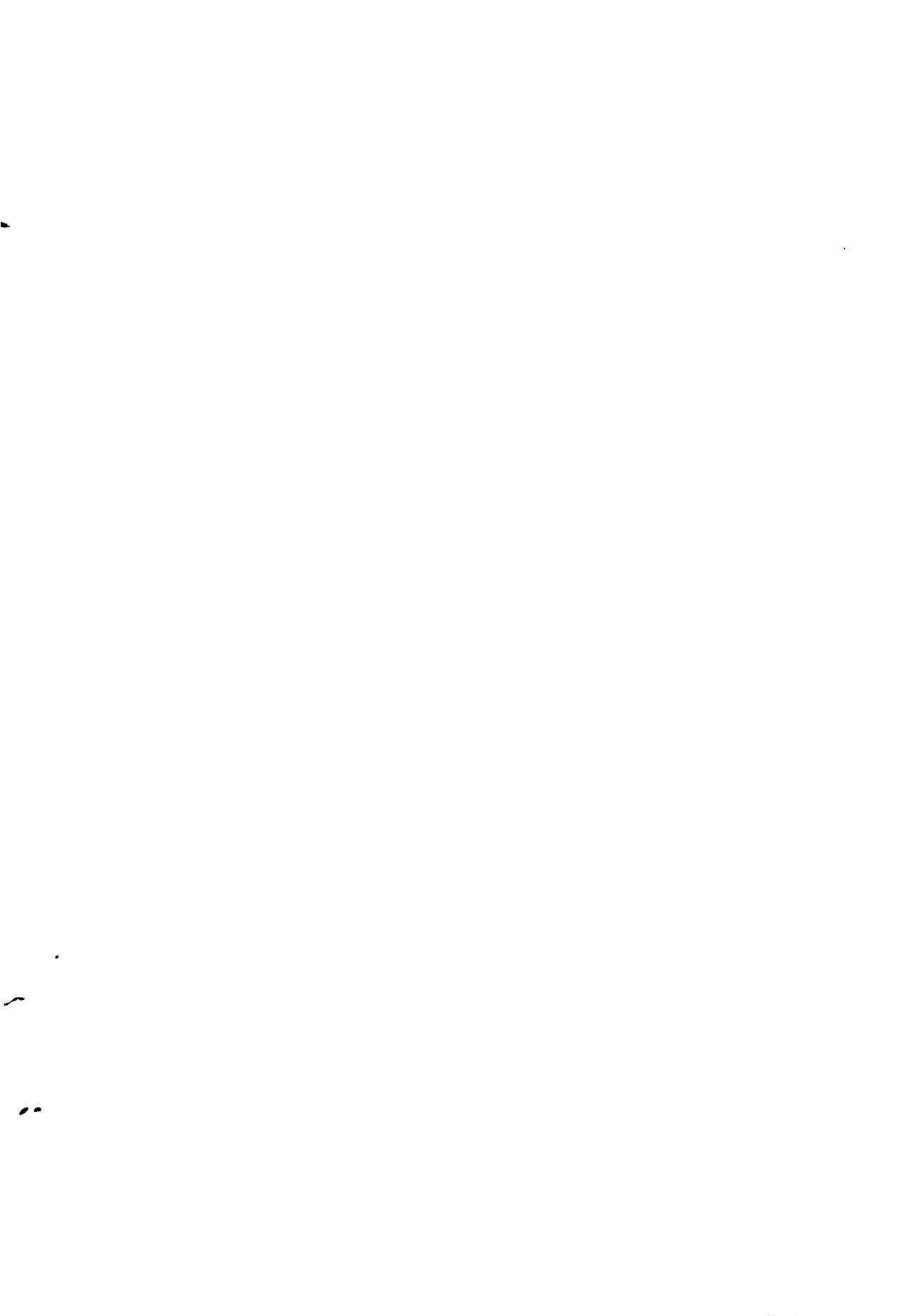
Table 134 --- International Harvester Canada: Profit-and-loss data, accounting years 1960-74 1/--Continued

(Money figures in millions of Canadian dollars unless otherwise specified)

Item	1967	1968	1969	1970	1971	1972	1973	1974
Operating results								
Net sales:								
Canada-----	193.8	170.7	187.0	161.6	204.1	269.4	340.7	401.4
United States-----	53.7	51.7	74.5	88.7	74.2	93.0	125.2	145.2
Other-----	2.5	2.5	2.0	1.9	2.6	4.0	3.3	3.4
Total net sales-----	250.0	224.9	263.5	252.2	280.9	366.4	469.2	550.0
Net profit after income taxes-----	8.5	5.3	3.9	3.1	8.1	17.8	21.8	23.6
Net profit after income taxes as a ratio of:								
Net sales-----percent--	3.4	2.4	1.5	1.2	2.9	4.9	4.6	4.3
Stockholders' equity-----do--	10.3	6.1	4.3	3.4	8.5	17.7	19.8	19.4
Total assets-----do--	4.8	2.8	1.9	1.4	3.5	6.7	6.9	5.5
Financial position								
Current assets-----	122.8	126.1	144.1	141.3	160.2	179.4	215.5	295.7
Less current liabilities-----	68.2	70.6	92.0	94.0	89.6	111.4	138.2	224.0
Working capital-----	56.4	55.5	52.1	47.3	70.6	68.0	77.3	71.7
Current ratio-----	1.8 to 1	1.8 to 1	1.6 to 1	1.5 to 1	1.8 to 1	1.6 to 1	1.6 to 1	1.3 to 1
Investments and other assets-----	22.5	32.6	36.9	48.6	44.0	57.3	67.7	89.3
Property, plant and equipment--net-----	31.0	29.8	29.5	29.0	27.0	28.3	31.6	45.9
Less long term liabilities-----	20.7	26.7	26.3	30.1	40.9	43.6	54.6	73.0
Shareholders' equity-----	87.4	91.2	92.2	94.8	100.7	110.0	122.0	133.9
Other financial and statistical data								
Total assets-----	176.3	188.5	210.5	218.9	231.2	265.0	314.8	430.9
Capital expenditures-----	7.6	3.7	4.3	3.8	3.1	6.1	8.5	20.0
Depreciation and amortization expense-----	4.2	4.6	4.5	3.7	3.4	4.0	4.8	4.9
Per share data:								
Net income-----dollars--	56.67	35.3	26.00	20.67	54.00	118.67	145.33	157.33
Dividends-----do--	24.00	10.67	19.33	4.00	14.50	49.56	65.33	78.00
Shareholders' equity-----do--	582.67	608.00	614.67	632.00	671.33	733.33	813.33	892.67
Average number of employees (Canada)-----	7,316	6,363	6,189	5,828	4,812	5,667	6,510	7,144

1/ Accounting year ended Oct. 31.

Source: Compiled from annual shareholders' reports submitted to the United States International Trade Commission by International Harvester Canada.



B-1

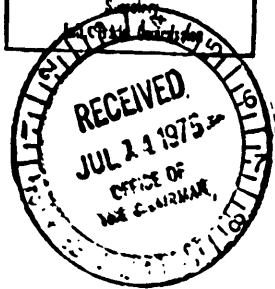
APPENDIX B

United States Senate

COMMITTEE ON FINANCE
WASHINGTON, D.C. 20510

July 9, 1975

DOCKET NUMBER
356
Office of the Secretary



- | | |
|----------------------------|---------------------------|
| MURSELL S. LEWIS, CHAIRMAN | CARL T. CHAFFIN, NEW YORK |
| HERMAN E. TA MAREK, GA | PAUL J. FARMER, ARIZ |
| WANCE HARTKE, IND | CLIFFORD P. HANSEN, WYO |
| ABRAHAM RUBINOFF, CONN | ROBERT J. DOLE, KANS |
| HARRY F. BYRD, JR, VA | BOB PACKWOOD, MISS |
| GAYLORD NELSON, WIS. | WILLIAM V. ROY, JR, DEL |
| WALTER F. MONDALE, MICH | BILL BRACA, TEXAS |
| BOBBE GRAYEL, ALABAMA | |
| LYDD BERTSCH, VER | |
| WILLIAM D. ROTHBART, MARI | |
| FLYNN W. HENRIKSEN, CALIF. | |

Death to G.C.C.!
Identify the bill

The Honorable Will Leonard
Chairman
International Trade Commission
8th & E Streets, N.W.
Washington, D.C.

DOCKET
FILE

Dear Mr. Chairman:

The Senate Committee on Finance resolved today to request that the International Trade Commission undertake a study of the U.S./Canadian Automotive Agreement as implemented under the Automotive Products Trade Act of 1965 and submit the study to the Committee on Finance no later than December 31, 1975. This request is made pursuant to Section 332(g) of the Tariff Act of 1930.

The Committee is interested in having a thorough analysis of the history and terms of the U.S./Canadian Automobile Agreement and its impact on U.S. and Canadian trade, employment, production, balance of payments, capital flows, and investment patterns. We are particularly interested in the Commission's view as to whether or not Canada has fully complied with the letter and the spirit of the Agreement by phasing out the so called "transitional provisions". In addition, it would be useful to know the relative structure of production of automobiles within the U.S./Canadian markets and any shifts which may have occurred as a result of the current decline in industry sales in the U.S. as compared with Canada.

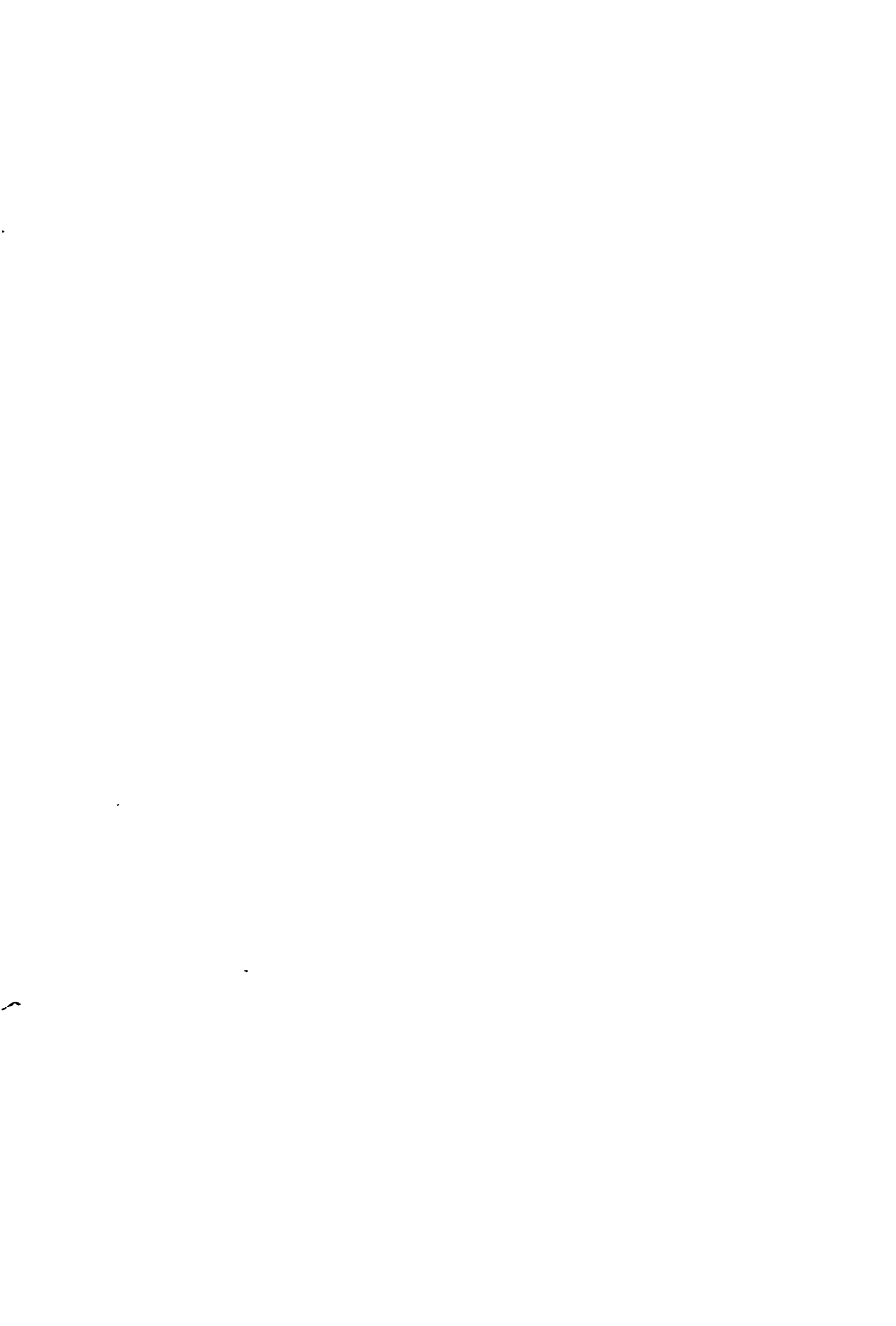
We appreciate the quality work the Commission has done in the past for the Committee and the Congress and look forward to receiving a thorough study of this important agreement by the end of the year.

With every good wish, I am

Sincerely,

Will Leonard
Chairman

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APPENDIX C

Countervailing Duties
Section 303, Tariff Act of 1930
(46 Stat. 687, 19 U.S.C. 1303)

Whenever any country, dependency, colony, province, or other political subdivision of government, person, partnership, association, cartel, or corporation shall pay or bestow, directly or indirectly, any bounty or grant upon the manufacture or production or export of any article or merchandise manufactured or produced in such country, dependency, colony, province, or other political subdivision of government, and such article or merchandise is dutiable under the provisions of this Act, then upon the importation of any such article or merchandise into the United States, whether the same shall be imported directly from the country of production or otherwise, and whether such article or merchandise is imported in the same condition as when exported from the country of production or has been changed in condition by remanufacture or otherwise, there shall be levied and paid, in all such cases, in addition to the duties otherwise imposed by this Act, an additional duty equal to the net amount of such bounty or grant, however the same be paid or bestowed. The Secretary of the Treasury shall from time to time ascertain and determine, or estimate, the net amount of each such bounty or grant, and shall declare the net amount so determined or estimated. The Secretary of the Treasury shall make all regulations he may deem necessary for the identification of such articles and merchandise and for the assessment and collection of such additional duties.

Countervailing Duties
Section 331 of the Trade Act of 1974
amending section 303 of the Tariff Act of 1930

(a) Section 303 of the Tariff Act of 1930 (19 U.S.C. sec. 1303) is amended to read as follows:

"SEC. 303. COUNTERVAILING DUTIES.

"(a) **LEVY OF COUNTERVAILING DUTIES.**—(1) Whenever any country, dependency, colony, province, or other political subdivision of government, person, partnership, association, cartel, or corporation, shall pay or bestow, directly or indirectly, any bounty or grant upon the manufacture or production or export of any article or merchandise manufactured or produced in such country, dependency, colony, province, or other political subdivision of government, then upon the importation of such article or merchandise into the United States, whether the same shall be imported directly from the country of production or otherwise, and whether such article or merchandise is imported in the same condition as when exported from the country of production or has been changed in condition by remanufacture or otherwise, there shall be levied and paid, in all such cases, in addition to any duties otherwise imposed, a duty equal to the net amount of such bounty or grant, however the same be paid or bestowed.

"(2) In the case of any imported article or merchandise which is free of duty, duties may be imposed under this section only if there is an affirmative determination by the Commission under subsection (b) (1); except that such a determination shall not be required unless a determination of injury is required by the international obligations of the United States.

"(3) In the case of any imported article or merchandise as to which the Secretary of the Treasury (hereafter in this section referred to as the "Secretary") has not determined whether or not any bounty or grant is being paid or bestowed—

"(A) upon the filing of a petition by any person setting forth his belief that a bounty or grant is being paid or bestowed, and the reasons therefor, or

"(B) whenever the Secretary concludes, from information presented to him or to any person to whom authority under this section has been delegated, that a formal investigation is warranted into the question of whether a bounty or grant is being paid or bestowed,

the Secretary shall initiate a formal investigation to determine whether or not any bounty or grant is being paid or bestowed and shall publish in the Federal Register notice of the initiation of such investigation.

"(4) Within six months from the date on which a petition is filed under paragraph (3) (A) or on which notice is published of an investigation initiated under paragraph (3) (B), the Secretary shall make a preliminary determination, and within twelve months from such date shall make a final determination, as to whether or not any bounty or grant is being paid or bestowed.

"(5) The Secretary shall from time to time ascertain and determine, or estimate, the net amount of each such bounty or grant, and shall declare the net amount so determined or estimated.

"(6) The Secretary shall make all regulations he deems necessary for the identification of articles and merchandise subject to duties under this section and for the assessment and collection of such duties. All determinations by the Secretary under this section, and all determinations by the Commission under subsection (b) (1), (whether affirmative or negative) shall be published in the Federal Register.

“(b) INJURY DETERMINATIONS WITH RESPECT TO DUTY-FREE MERCHANDISE; SUSPENSION OF LIQUIDATION.—(1) Whenever the Secretary makes a final determination under subsection (a) that a bounty or grant is being paid or bestowed with respect to any article or merchandise which is free of duty and a determination by the Commission is required under subsection (a) (2), he shall—

“(A) so advise the Commission, and the Commission shall determine within three months thereafter, and after such investigation as it deems necessary, whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such article or merchandise into the United States; and the Commission shall notify the Secretary of its determination; and

“(B) require, under such regulations as he may prescribe, the suspension of liquidation as to such article or merchandise entered, or withdrawn from warehouse, for consumption on or after the date of the publication in the Federal Register of his final determination under subsection (a), and such suspension of liquidation shall continue until the further order of the Secretary or until he has made public an order as provided for in paragraph (3).

“(2) For the purposes of this subsection, the Commission shall be deemed to have made an affirmative determination if the commissioners voting are evenly divided as to whether its determination should be in the affirmative or in the negative.

“(3) If the determination of the Commission under paragraph (1) (A) is in the affirmative, the Secretary shall make public an order directing the assessment and collection of duties in the amount of such bounty or grant as is from time to time ascertained and determined, or estimated, under subsection (a).

“(c) APPLICATION OF AFFIRMATIVE DETERMINATION.—An affirmative final determination by the Secretary under subsection (a) with respect to any imported article or merchandise shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of the publication in the Federal Register of such determination. In the case of any imported article or merchandise which is free of duty, so long as a finding of injury is required by the international obligations of the United States, the preceding sentence shall apply only if the Commission makes an affirmative determination of injury under subsection (b) (1).

"(d) TEMPORARY PROVISION WHILE NEGOTIATIONS ARE IN PROGRESS.—(1) It is the sense of the Congress that the President, to the extent practicable and consistent with United States interests, seek through negotiations the establishment of internationally agreed rules and procedures governing the use of subsidies (and other export incentives) and the application of countervailing duties.

"(2) If, after seeking information and advice from such agencies as he may deem appropriate, the Secretary of the Treasury determines, at any time during the four-year period beginning on the date of the enactment of the Trade Act of 1974, that—

"(A) adequate steps have been taken to reduce substantially or eliminate during such period the adverse effect of a bounty or grant which he has determined is being paid or bestowed with respect to any article or merchandise;

"(B) there is a reasonable prospect that, under section 102 of the Trade Act of 1974, successful trade agreements will be entered into with foreign countries or instrumentalities providing for the reduction or elimination of barriers to or other distortions of international trade; and

"(C) the imposition of the additional duty under this section with respect to such article or merchandise would be likely to seriously jeopardize the satisfactory completion of such negotiations;

the imposition of the additional duty under this section with respect to such article or merchandise shall not be required during the remainder of such four-year period. This paragraph shall not apply with respect to any case involving non-rubber footwear pending on the date of the enactment of the Trade Act of 1974 until and unless agreements which temporize imports of non-rubber footwear become effective.

"(3) The determination of the Secretary under paragraph (2) may be revoked by him, in his discretion, at any time, and any determination made under such paragraph shall be revoked whenever the basis supporting such determination no longer exists. The additional duty provided under this section shall apply with respect to any affected articles or merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of any revocation under this subsection in the Federal Register.

"(e) REPORTS TO CONGRESS.—(1) Whenever the Secretary makes a determination under subsection (d) (2) with respect to any article or merchandise, he shall promptly transmit to the House of Representatives and the Senate a document setting forth the determination, together with his reasons therefor.

"(2) If, at any time after the document referred to in paragraph (1) is delivered to the House of Representatives and the Senate, either the House or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval under the procedures set forth in section 152, then such determination under subsection (d) (2) with respect to such article or merchandise shall have no force or effect beginning with the day after the date of the adoption of such resolution of disapproval, and the additional duty provided under this section with respect to such article or merchandise shall apply with respect to articles or merchandise entered, or withdrawn from warehouse, for consumption on or after such day."

APPENDIX D

**TEXT OF CANADIAN ORDERS IN COUNCIL CONCERNING
AUTOMOTIVE PRODUCTS**

ORDER IN COUNCIL ESTABLISHING REBATE PLAN P.C. 1963-1/1544
At the Government House at Ottawa
Tuesday, the 22nd day of October 1963

PRESENT:

His Excellency, the GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, pursuant to Section 22 of the Financial Administration Act, is pleased hereby to order as follows, in accordance with the following minute of the Treasury Board:

T.B. 617086
FINANCE
INDUSTRY

The Board recommends that Your Excellency in Council be pleased to order as follows:

ORDER

1. (1) In this Order,
(a) "designated period" means any following period, namely:
(i) November 1, 1963 to October 31, 1964, (ii) November 1, 1964 to October 31, 1965, or (iii) November 1, 1965 to October 31, 1966;

(b) "motor vehicle" means vehicles that, if imported into Canada, would be classified under any of Tariff items 410a(iii), 424 and 438a;

(c) "motor vehicle parts" means parts that, if imported into Canada, would be classified under any of Tariff items 410a(iii), 424 and 438a to 438u inclusive, and includes the following motor vehicle parts and accessories, namely, ball and roller bearings, radios, heaters, die castings of zinc, electric storage batteries, and parts of which the component material of chief value is wood or rubber, but does not include tires or tubes.

(2) A reference in this Order to the value for Customs duty purposes of any goods shall be construed as a reference to the value for Customs duty purposes of such of those goods as were subject to Customs duties specified in Schedule A to the Customs Tariff.

2. All Customs duties specified in Schedule A to the Customs Tariff payable in respect of the following goods, namely:

(a) motor vehicles imported or taken out of warehouse by a motor vehicle manufacturer in Canada during any designated period, and

(b) motor vehicle parts for use as original equipment for motor vehicles, imported or taken out of warehouse by or on behalf of such manufacturer during that designated period,
are remitted to the extent of the duties so payable on such part of the value for Customs duty purposes of those goods as does not exceed the amount (hereinafter referred to as the "excess value") by which

(c) the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during that designated period,

exceeds

(d) the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during the period November 1, 1961 to October 31, 1962,

and where the excess value exceeds the value for Customs duty purposes of the goods so imported or taken out of warehouse during that designated period, the amount of such excess may be added to the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during the immediately preceding period of twelve months in determining the amount of Customs duties specified in Schedule A to the Customs Tariff that may be remitted under this Order or under Order in Council P.C. 1962-1/1538 in respect of goods imported or taken out of warehouse during that preceding period.

3. For the purposes of this Order,

(a) a manufacturer is a motor vehicle manufacturer in Canada during any relevant period only if such manufacturer produces in Canada during that period motor vehicles the total number of which so produced is not less than forty percent of the total number of motor vehicles sold by such manufacturer during that period;

(b) motor vehicle parts that are produced in Canada by a parts manufacturer and exported and that can be identified, as being for use in the manufacture, repair or maintenance of motor vehicles produced by an affiliate outside Canada of a motor vehicle manufacturer in Canada may be considered to have been exported by such motor vehicle manufacturer; and

(c) motor vehicle parts exported for incorporation into motor vehicles to be shipped to Canada shall be deemed not to have been exported if the value of such parts may be taken into account for Customs duty remission purposes under any Order other than this Order upon the subsequent importation of such vehicles.

ORDER IN COUNCIL AMENDING REBATE PLAN P.C. 1964-1506

At the Government House at Ottawa

Thursday, the 24th day of September 1964

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, on the recommendation of the Minister of Industry, is pleased hereby to order as follows:

1. Section 3 of Order in Council P.C. 1963-1/1544 of 22d October 1963, is amended by deleting the word "and" after paragraph (b)

thereof, by adding the word "and" after paragraph (c) thereof and by adding thereto the following paragraph:

"(d) motor vehicles and motor vehicle parts exported under any United States Military prime or subcontracts entered into after August 31, 1964, shall be deemed not to have been exported."

ORDER IN COUNCIL REPEALING REBATE PLAN P.C. 1965-1/98

At the Government House at Ottawa
Saturday, the 16th day of January 1965

PRESENT:

His Excellency the GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, pursuant to Section 22 of the Financial Administration Act, is pleased hereby to order as follows, in accordance with the following minute of the Treasury Board:

T.B. 635460
FINANCE

The Treasury Board recommends that your Excellency in Council, pursuant to Section 22 of the Financial Administration Act, be pleased to amend Order in Council P.C. 1963-1/1544, as amended, in accordance with the Schedule hereto.

SCHEDULE

1. Paragraph (a) of subsection (1) of section 1 of Order in Council P.C. 1963-1/1544 is revoked and the following substituted therefor:

"(a) 'designated period' means any following period, namely:
(i) November 1, 1963 to October 3, 1964, or
(ii) November 1, 1964 to January 17, 1965."

2. (1) Paragraph (a) of section 2 of the said Order is revoked and the following substituted therefor:

"(a) motor vehicles imported or taken out of warehouse by a motor vehicle manufacturer in Canada during the designated period November 1, 1963 to October 31, 1964, and"

(2) Section 2 of the said Order is further amended by adding thereto the following subsection:

"(2) All Customs duties specified in Schedule A to the *Customs Tariff* payable in respect of the following goods, namely:

"(a) motor vehicles imported or taken out of warehouse by a motor vehicle manufacturer in Canada during the designated period November 1, 1964 to January 17, 1965, and

"(b) motor vehicle parts for use as original equipment for motor vehicles, imported or taken out of warehouse by or on behalf of such manufacturer during that designated period. are remitted to the extent of the duties so payable on such part of the value for Customs duty purposes of those goods as does not exceed the amount (hereinafter referred to as the 'excess value') by which

"(c) the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during that designated period,

exceeds

"(d) 78/365 of the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during the period November 1, 1961 to October 31, 1962, and where the excess value exceeds the value for Customs duty purposes of the goods so imported or taken out of warehouse during that designated period, the amount of such excess may be added to the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during the immediately preceding period of twelve months in determining the amount of Customs duties specified in Schedule A to the *Customs Tariff* that may be remitted under this Order or under Order in Council P.C. 1962-1/1536 in respect of goods imported or taken out of warehouse during that preceding period."

APPENDIX E

**AGREEMENT CONCERNING AUTOMOTIVE PRODUCTS BETWEEN THE GOVERNMENT
OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA**

The Government of the United States of America and the Government of Canada,

Determined to strengthen the economic relations between their two countries;

Recognizing that this can best be achieved through the stimulation of economic growth and through the expansion of markets available to producers in both countries within the framework of the established policy of both countries of promoting multilateral trade;

Recognizing that an expansion of trade can best be achieved through the reduction or elimination of tariff and all other barriers to trade operating to impede or distort the full and efficient development of each country's trade and industrial potential;

Recognizing the important place that the automotive industry occupies in the industrial economy of the two countries and the interests of industry, labor and consumers in sustaining high levels of efficient production and continued growth in the automotive industry;

Agreed as follows:

ARTICLE I

The Governments of the United States and Canada, pursuant to the above principles, shall seek the early achievement of the following objectives:

(a) The creation of a broader market for automotive products within which the full benefits of specialization and large-scale production can be achieved;

(b) The liberalization of United States and Canadian automotive trade in respect of tariff barriers and other factors tending to impede it, with a view to enabling the industries of both countries to participate on a fair and equitable basis in the expanding total market of the two countries;

(c) The development of conditions in which market forces may operate effectively to attain the most economic pattern of investment, production and trade.

It shall be the policy of each Government to avoid actions which would frustrate the achievement of these objectives.

ARTICLE II

(a) The Government of Canada, not later than the entry into force of the legislation contemplated in paragraph (b) of this Article, shall accord duty-free treatment to imports of the products of the United States described in Annex A.

(b) The Government of the United States, during the session of the United States Congress commencing on January 4, 1965, shall seek enactment of legislation authorizing duty-free treatment of imports of the products of Canada described in Annex B. In seeking such legislation, the Government of the United States shall also seek authority permitting the implementation of such duty-free treatment retroactively to the earliest date administratively possible following the date upon which the Government of Canada has accorded duty-free treatment. Promptly after the entry into force of such legislation, the Government of the United States shall accord duty-free treatment to the products of Canada described in Annex B.

ARTICLE III

The commitments made by the two Governments in this Agreement shall not preclude action by either Government consistent with obligations under Part II of the General Agreement on Tariffs and Trade.

ARTICLE IV

(a) At any time, at the request of either Government, the two Governments shall consult with respect to any matter relating to this Agreement.

(b) Without limiting the foregoing, the two Governments shall, at the request of either Government, consult with respect to any problems which may arise concerning automotive producers in the United States which do not at present have facilities in Canada for the manufacture of motor vehicles, and with respect to the implications for the operation of this Agreement of new automotive producers becoming established in Canada.

(c) No later than January 1, 1968, the two Governments shall jointly undertake a comprehensive review of the progress made towards achieving the objectives set forth in Article I. During this review the Governments shall consider such further steps as may be necessary or desirable for the full achievement of these objectives.

ARTICLE V

Access to the United States and Canadian markets provided for under this Agreement may by agreement be accorded on similar terms to other countries.

ARTICLE VI

This Agreement shall enter into force provisionally on the date of signature and definitively on the date upon which notes are exchanged between the two Governments giving notice that appropriate action in their respective legislatures has been completed.

ARTICLE VII

This Agreement shall be of unlimited duration. Each Government shall however have the right to terminate this Agreement twelve months from the date on which that Government gives written notice to the other Government of its intention to terminate the Agreement.

IN WITNESS WHEREOF the representatives of the two Governments have signed this Agreement.

Done in duplicate at Johnson City, Texas, this 16th day of January 1965, in English and French, the two texts being equally authentic.

For the Government of the United States of America:

For the Government of Canada:

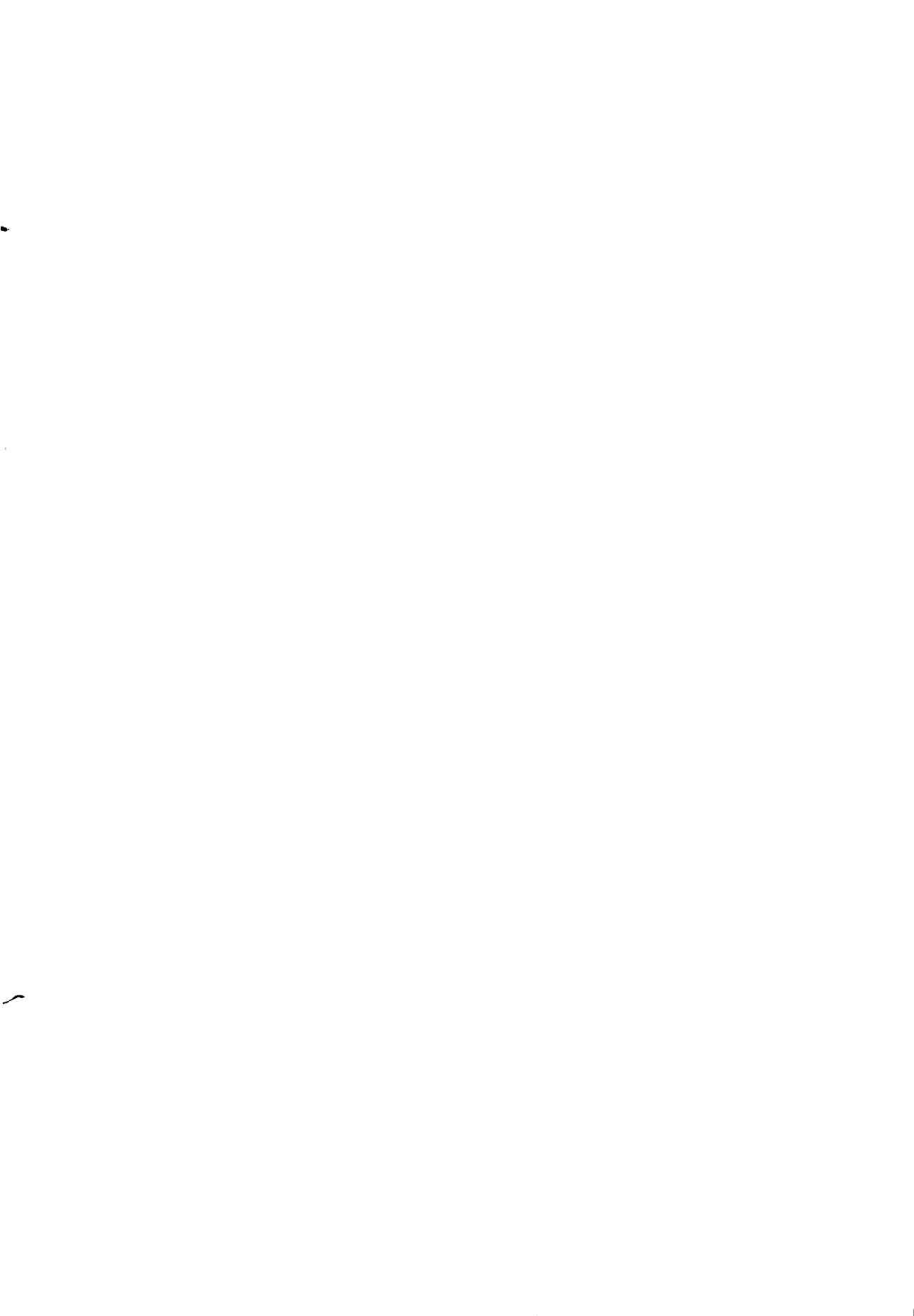
ANNEX A

1. (1) Automobiles; when imported by a manufacturer of automobiles.
- (2) All parts, and accessories and parts thereof, except tires and tubes, when imported for use as original equipment in automobiles to be produced in Canada by a manufacturer of automobiles.
- (3) Buses, when imported by a manufacturer of buses.
- (4) All parts, and accessories and parts thereof, except tires and tubes, when imported for use as original equipment in buses to be produced in Canada by a manufacturer of buses.
- (5) Specified commercial vehicles, when imported by a manufacturer of specified commercial vehicles.
- (6) All parts, and accessories and part thereof, except tires, tubes and any machines or other articles required under Canadian tariff item 438a to be valued separately under the tariff items regularly applicable thereto, when imported for use as original equipment in specified commercial vehicles to be produced in Canada by a manufacturer of specified commercial vehicles.
2. (1) "Automobile" means a four-wheeled passenger automobile having a seating capacity for not more than ten persons;
- (2) "Base year" means the period of twelve months commencing on the 1st day of August, 1963 and ending on the 31st day of July, 1964;
- (3) "Bus" means a passenger motor vehicle having a seating capacity for more than 10 persons, or a chassis therefor, but does not include any following vehicle or chassis therefor, namely an electric trackless trolley bus, amphibious vehicle, tracked or half-tracked vehicle or motor vehicle designed primarily for off-highway use;
- (4) "Canadian value added" has the meaning assigned by regulations made under section 273 of the Canadian Customs Act;

- (5) "Manufacturer" of vehicles of any following class, namely automobiles, buses or specified commercial vehicles, means, in relation to any importation of goods in respect of which the description is relevant, a manufacturer that
- (i) produced vehicles of that class in Canada in each of the four consecutive three months' periods in the base year, and
 - (ii) produced vehicles of that class in Canada in the period of twelve months ending on the 31st day of July in which the importation is made,
 - (A) the ratio of the net sales value of which to the net sales value of all vehicles of that class sold for consumption in Canada by the manufacturer in that period is equal to or higher than the ratio of the net sales value of all vehicles of that class produced in Canada by the manufacturer in the base year to the net sales value of all vehicles of that class sold for consumption in Canada by the manufacturer in the base year, and is not in any case lower than seventy-five to one hundred; and
 - (B) the Canadian value added of which is equal to or greater than than Canadian value added of all vehicles of that class produced in Canada by the manufacturer in the base year;
- (6) "Net sales value" has the meaning assigned by regulations made under section 273 of the Canadian Customs Act; and
- (7) "Specified commercial vehicle" means a motor truck, motor truck chassis, ambulance or chassis therefor, or hearse or chassis therefor, but does not include:
- (a) any following vehicle or a chassis designed primarily therefor, namely a bus, electric trackless trolley bus, amphibious vehicle, tracked or half-tracked vehicle, golf or invalid cart, straddle carrier, motor vehicle designed primarily for off-highway use, or motor vehicle specially constructed and equipped to perform special services or functions, such as, but not limited to, a fire engine, mobile crane, wrecker, concrete mixer or mobile clinic, or
 - (b) any machine or other article required under Canadian tariff item 438a to be valued separately under the tariff item regularly applicable thereto.
3. The Government of Canada may designate a manufacturer not falling within the categories set out above as being entitled to the benefit of duty-free treatment in respect of the goods described in this annex.

ANNEX B

- (1) Motor vehicles for the transport of persons or articles as provided for in items 692.05 and 692.10 of the Tariff Schedules of the United States and chassis therefor, but not including electric trolley buses, three-wheeled vehicles, or trailers accompanying truck tractors, or chassis therefor.
- (2) Fabricated components, not including trailers, tires, or tubes for tires, for use as original equipment in the manufacture of motor vehicles of the kinds described in paragraph (1) above.
- (3) Articles of the kinds described in paragraphs (1) and (2) above include such articles whether finished or unfinished but do not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry, exclusive of any landing cost and Canadian duty, was—
- (a) with regard to articles of the kinds described in paragraph (1), not including chassis, more than 60 percent until January 1, 1968, and thereafter more than 50 percent of the appraised customs value of the article imported into the customs territory of the United States; and
 - (b) with regard to chassis of the kinds described in paragraph (1), and articles of the kinds described in paragraph (2), more than 50 percent of the appraised customs value of the article imported into the customs territory of the United States.



APPENDIX F

LETTERS OF UNDERTAKING

GENERAL MOTORS OF CANADA, LTD.,
Oshawa, Ontario, January 13, 1965.

Hon. C. M. DRURY,
*Minister of Industry,
Parliament Buildings,
Ottawa, Ontario.*

DEAR MR. MINISTER: This letter is in response to your request for a statement with respect to the proposed agreement between the Governments of Canada and the United States concerning trade and production in automotive products, as you have described it to us. The following comments assume that the proposed agreement for duty-free treatment has the full support of the respective Governments, and that the program may be expected to continue for a considerable period of time.

It is our understanding that the important objectives of the inter-governmental agreement are as follows: (a) the creation of a broader market for automotive products within which the full benefits of specialization and large-scale production can be achieved; (b) the liberalization of United States and Canadian automotive trade in respect of tariff barriers and other factors tending to impede it, with a view to enabling the industries of both countries to participate on a fair and equitable basis in the expanding total market of the two countries; (c) the development of conditions in which market forces may operate effectively to attain the most economic pattern of investment, production, and trade. We subscribe to these objectives and agree with the suggested approach of removing tariff barriers and moving in the direction of free trade even in this limited area. Such an approach is fully compatible with General Motors' expressed position with respect to the desirability of free trade in automotive vehicles and components, not only in Canada, but in all other countries in the free world.

It is noted that under the proposed agreement the right to import vehicles and certain automotive parts, free of duty, into Canada will be available to Canadian vehicle manufacturers who (1) maintain Canadian value added in the production of motor vehicles in ensuing model years at not less than the Canadian value added in motor vehicle production in the 1964 model year; (2) produce motor vehicles in Canada having a net factory sales value in a ratio to total net factory sales value of their motor vehicle sales in Canada and those of their affiliated companies in Canada of not less than the ratio prevailing during the 1964 model year; (3) increase in each ensuing model year over the base model year, Canadian value added in the production of vehicles and original equipment parts by an amount equal to 60 percent of the growth in their market for automobiles sold for consumption in Canada and by an amount equal to 50 percent of the growth

in their market for commercial vehicles sold for consumption in Canada (for this purpose, growth in their market means the difference between the cost of vehicles sold in Canada during the ensuing model year and the cost of vehicles sold in Canada during the base model year net of Federal sales tax in both cases); and (1) undertake, in addition to meeting the above three conditions, to achieve a stipulated increase in the annual Canadian value added by the end of the model year 1968.

With respect to General Motors, in connection with the conditions outlined in the previous paragraph, it is our understanding, in the case of (1) that Canadian value added would be decreased in circumstances where the value of General Motors sales declined below that achieved in the base year, and in the case of (3) that in the event of a decline in General Motors net value of vehicle sales for consumption in Canada, a decrease in Canadian value added of 60 and 50 percent in cars and trucks, respectively, is acceptable. In addition, it is our understanding, with respect to (4), that for General Motors the stipulated annual increase in the Canadian value added by the end of the model year 1968 is \$121 million.

We understand that certain changes are proposed in the regulations pertaining to the determination of Canadian value added. We believe that several of these changes require further review and consideration as in our opinion they tend to impede rather than aid in the attainment of the objectives of the agreement.

In particular, these are (a) the elimination of the profit on components purchased from affiliated Canadian companies; (b) the elimination of profit on sales of vehicles and parts by General Motors of Canada or by Canadian affiliated companies to affiliated companies outside of Canada; and (c) the elimination of depreciation on non-Canadian facilities used in the manufacturing process both in our plants and in those of our Canadian suppliers.

(a) We believe that the elimination of the profit element on purchases of components purchased by General Motors of Canada from affiliated Canadian companies is discriminatory. McKinnon Industries, a major supplier of components, has been an affiliate of ours since 1929. McKinnon prices to us are competitive with those for similar components manufactured by other manufacturers. It is a policy of General Motors that pricing between affiliated operations be competitive and the purchasing unit has the obligation of negotiating the best possible price with the supplying unit. McKinnon and other affiliated Canadian parts manufacturers supply parts to other Canadian vehicle manufacturers and the profit on these transactions is not required to be eliminated by those manufacturers. We feel that at most any elimination of profit from value added should be confined to the elimination of profit above the percentage level in the base period.

(b) It is our opinion that the elimination of the profit on sales of vehicles and parts produced in Canada by General Motors of Canada and affiliated Canadian companies to affiliated General Motors companies in the United States and other countries is also discriminatory and should be given added consideration. It is recognized in the tariff regulations of most countries that the value of imported goods includes a "reasonable" rate of profit. Further, on sales by nonaffiliated Canadian suppliers to General Motors Corp. in the

United States and its oversea subsidiaries the profit in such sales would be considered as Canadian value added.

(c) On the matter of exclusion of depreciation on non-Canadian machinery and equipment used in the production of automotive products in Canada, it seems that this only hinders the attainment of the objectives of the plan. In order to increase production in Canada, additional capacity is a necessity either in our plants or those of our suppliers. As much of this required equipment is either unavailable or more costly in Canada, it appears that not allowing depreciation on such equipment as Canadian value added discourages rather than encourages the enthusiasm required to effect the desired increase in Canadian value added. It should be noted, however, that it is our intention to maintain our present policy of obtaining any additional machinery and equipment in Canada whenever economically feasible.

You have requested that we should increase Canadian value added in our products by \$121 million between 1964 and the end of the model year 1968, as outlined under condition (4). Also you have requested that the amount should be further increased to the extent required under condition (3) stated above. We think that this objective in that time is extremely ambitious, particularly in view of the fact that one-half of the first model year has already passed.

We have carefully reviewed our situation in the light of your proposals and requests and have asked that our affiliates do the same. We can see areas where we can and will achieve a significant portion of your suggested objective of \$121 million increase in Canadian value added by 1968. This is possible because General Motors of Canada and our affiliated Canadian companies have recently engaged in the Canadian manufacture of certain automotive components heretofore imported. These include the fabrication and assembly of automatic transmissions at McKinnon Industries Windsor plant not only for Canadian requirements but for export to assembly plants in other countries as well. In addition, in the 1964 model year the oversea market for North American-type passenger cars and commercial vehicles has been increasingly served by our plants in Canada. Of course, any slowing down in the rate of growth in the industry or any adverse developments in the economies of Canada, the United States, or other principal markets, or failure to achieve duty-free entry into the United States would make this achievement more difficult.

To attain your stated objective ratably over the 4 years of the plan amounts to an increase in Canadian value added of \$30 million a year plus growth. Our plans, which have been underway for more than a year, should accomplish about \$60 million of the total or, putting it another way, we can see our way clear to accomplish that portion applicable to the first 2 years of the plan.

Studies are underway of various steps we might take to accomplish that portion applicable to the last 2 years. However, we are and have been operating our facilities in Canada at full capacity, and so, I believe, have most of our suppliers. Therefore, the Canadian value added applicable to the last 2 years will probably require added facilities on our part, or on the part of our suppliers, or both. A further reappraisal of our present facilities and our capacity and those of our suppliers must be made. The extent and nature of any additional facilities can be determined only in the light of the plan as

finally published. You can appreciate, I am sure, that all of this takes time.

Subject to the imponderables mentioned above, it is our intention and that of our affiliates to make every feasible effort to meet the objectives of the agreement to be made between the Governments of Canada and the United States, and to achieve the indicated goal as rapidly as possible.

Referring again to the items which appear to impede the program, we hope you will review your position further in the light of the information included earlier in this letter.

In conclusion, therefore, I am prepared to say at this time that, first, General Motors of Canada has plans underway to increase Canadian value added by about \$30 million in each of the first 2 years of the plan; and, second, we are continuing our studies of ways to accomplish the remainder of the program and will undertake to meet the full objective of \$121 million by the end of the model year 1968.

It is anticipated that these studies will take between 3 and 4 months to finish, and I will be prepared to discuss the results with you when they are completed. From time to time, as requested, we will be glad to discuss our current operations and our plans for future development with the Minister of Industry, and to receive and consider his suggestions.

Sincerely,

E. H. WALKER.

FORD MOTOR CO. OF CANADA, LTD.,
Oakville, Ontario, January 14, 1965.

DEAR MR. MINISTER: Enclosed are executed copies of our two letters to you of this date relative to the proposed agreement between the Governments of Canada and the United States concerning trade and production in automotive products under which it is proposed that the customs duty in each country on the importation from the other of automotive vehicles and original equipment parts therefor be eliminated.

We consider it essential that any substantial administrative interpretation or treatment that may be extended by you to any other motor vehicle manufacturer, the lack of which would place Ford Motor Co. in a noncompetitive position, also be extended to Ford.

You have provided us with a draft of the proposed order in council expected to be adopted in order to implement that agreement and with a draft of the regulations proposed to be adopted under that order in council.

Our undertakings are, of course, conditional upon the execution of that agreement, upon the adoption of an order in council, and regulations substantially in the form of the drafts that you have already delivered to us, and upon an acceptable response in respect of the enclosed supplementary letter.

Yours sincerely

FORD MOTOR CO. OF CANADA, LTD.,
By KARL E. SCOTT, *President*.

FORD MOTOR CO. OF CANADA, LTD.,
Oakville, Ontario, January 14, 1965.

DEAR MR. MINISTER: We are writing with respect to the agreement between the Governments of Canada and the United States concerning production and trade in automotive products.

Ford Motor Co. of Canada, Ltd., welcomes the agreement and supports its objectives. In this regard, our company notes that the Governments of Canada and the United States have agreed " * * * that any expansion of trade can best be achieved through the reduction or elimination of tariff and all other barriers to trade operating to impede or distort the full and efficient development of each country's trade and industrial potential * * *." In addition, we note that the Governments of Canada and the United States shall seek the early achievement of the following objectives:

(a) The creation of a broader market for automotive products within which the full benefits of specialization and large-scale production can be achieved;

(b) The liberalization of United States and Canadian automotive trade in respect of tariff barriers and other factors tending to impede it, with a view to enabling the industries of both countries to participate on a fair and equitable basis in the expanding total market of the two countries; and

(c) The development of conditions in which market forces may operate effectively to attain the most economic pattern of investment, production, and trade.

Our company also notes that the right to import motor vehicles and original equipment parts into Canada under the agreement is available to vehicle manufacturers in Canada who meet the conditions stipulated in the Motor Vehicles Tariff Order 1965. These conditions are, in brief, that vehicle manufacturers shall maintain in each model year their production of motor vehicles in Canada in the same ratio to sales of motor vehicles for consumption in Canada and the same dollar value of Canadian value added in the production of motor vehicles in Canada, as in the period August 1, 1963, to July 31, 1964.

We understand that--

(i) in ascertaining whether Ford qualifies as a motor vehicle manufacturer and whether the requirements of paragraphs 1 and 2, below, are satisfied, production of automotive vehicles in Canada by Ford Motor Co. of Canada, Ltd., and by any person designated as associated with Ford Motor Co. of Canada, Ltd. ("an associated person") will be taken into account, whether sold in Canada or exported;

(ii) in determining whether the requirements of paragraphs 1 and 2, below, are satisfied, export sales of original equipment parts by Ford Motor Co. of Canada, Ltd., and by any associated person in Canada (as well as production of automotive vehicles in Canada by Ford Motor Co. of Canada, Ltd., and by any associated person, whether sold in Canada or exported), and purchases of original equipment parts by any affiliated Ford company outside of Canada from Canadian vendors, will be taken into account. An "affiliated Ford company" is one that controls, or is controlled by, or is under common control with, Ford Motor Co. of Canada, Ltd.

(iii) for the purpose of computing the ratios referred to in paragraph 2(1)(e)(ii)(A) of the order in council of the definition of manufacturer, the numerators of the fractions will consist of the net sales value of all (passenger automobiles (or specified commercial vehicles or buses) produced by the motor vehicle manufacturer in Canada, including those sold in Canada and those sold in export, and the denominators of the fractions will consist of the net sales value of all passenger automobiles (or of specified commercial vehicles or buses) sold by the motor vehicle manufacturer for consumption in Canada, including imported passenger cars (or specified commercial vehicles or buses) but excluding passenger cars (or specified commercial vehicles or buses) that are produced by the motor vehicle manufacturer in Canada and sold in export.

The undertakings in this letter are based on the definition of "Canadian value added" in your present regulations.

We understand that in the computation of Canadian value added for vehicle assembly in Canada, section 2(a)(i) of the regulations would prevent us from including the cost of parts produced in Canada that are exported from Canada and subsequently imported into Canada as components of original equipment parts; this provision reduces the incentive to source in Canada parts that would be incorporated in U.S. engines and other original equipment parts. Accordingly, we request that you give careful consideration to the revision of this clause.

In addition to meeting these stipulated conditions and in order to contribute to meeting the objectives of the agreement, Ford Motor Co. of Canada, Ltd., undertakes:

1. To increase in each model year over the preceding model year Canadian value added in the production of vehicles and original equipment parts by an amount equal to 60 percent of the growth in the market for automobiles sold by our company for consumption in Canada and by an amount equal to 50 percent of the growth in the market for the commercial vehicles specified in tariff item 950 sold by our company for consumption in Canada, it being understood that in the event of a decline in the market a decrease in Canadian value added based on the above percentages is acceptable. For this purpose, growth or decline in the market shall be measured as the difference between the cost to our company of vehicles sold in Canada during the current model year and the cost to our company of vehicles sold in Canada during the preceding model year net of Federal sales taxes in both cases.

We understand that in the event that the total passenger car and/or total truck sales of our company in any model year fall below the total passenger car and/or total truck sales of our company during the base period, Canadian value added requirements would be reduced below the base period amounts for the purpose of this section, and for the conditions stipulated in the Motor Vehicles Tariff Order 1965.

We believe that the definition of growth is unfair because it includes as growth the difference between the cost of vehicles produced in Canada and the cost to us of identical imported vehicles. In the event that we rationalize our vehicle production

volume models for the North American market with other models being imported, the difference in cost as defined above would result in a substantial growth even though there was no change in the number and models of vehicles sold in Canada. We request your careful consideration of a change in the definition that would eliminate this inequity. This inequity is compounded by the fact that Ford Motor Co. of Canada, Ltd., is compelled by the Canadian antidumping law to import vehicles at dealer price, and we request that your Government also give careful consideration to a change in the antidumping law in respect of vehicles imported under the Motor Vehicles Tariff Order 1965.

2. To increase Canadian value added over and above the amount that we achieved in the period August 1, 1963, to July 31, 1964, and that which we undertake to achieve in (1) above, by an amount of \$74.2 million during the period August 1, 1967, to July 31, 1968.

The undertakings given in this letter are to be adjusted to the extent necessary for conditions not under the control of the Ford Motor Co. of Canada, Ltd., or of any affiliated Ford company, such as acts of God, fire, earthquake, strikes at any plant owned by Ford or by any of our suppliers, and war.

The Ford Motor Co. of Canada, Ltd., also agrees to report to the Minister of Industry, every 3 months beginning April 1, 1965, such information as the Minister of Industry requires pertaining to progress achieved by our company, as well as plans to fulfill our obligations under this letter. In addition, Ford Motor Co. of Canada, Ltd., understands that the Government will conduct an audit each year with respect to the matters described in this letter.

We understand that before the end of model year 1968 we will need to discuss together the prospects for the Canadian automotive industry and our company's program.

Yours sincerely,

FORD MOTOR CO. OF CANADA, LTD.,
By K. E. Scott, *President.*

FORD MOTOR CO., OF CANADA, LTD.,
Oakville, Ontario, January 14, 1966.

DEAR MR. MINISTER: I wish to bring to your attention a matter of major importance to the Ford Motor Co., which will affect the ability of the company to participate under the Motor Vehicle Tariff Order 1965.

You will recall that our company and its parent, Ford Motor Co., have made commitments to spend in excess of \$50 million to increase production of a limited range of automotive engines in Canada for use in our Canadian plants and for export to the United States. This plan provides for greatly expanded production of engines in Canada, thus making possible substantial cost savings. The production of certain engines now produced in short high-cost runs will be discontinued in Canada but will be imported as required.

As a result of this plan, the contribution of engines to our Canadian value added in the production of motor vehicles in Canada in the 1966 model year and subsequent years, will be substantially reduced below the amount contributed by engines in the 1964 model year. The

total Canadian value added of our engine operations for domestic use and for export will, however, be increased substantially over our actual value added of engine production in the 1964 model year. For the purpose of the definition of a motor vehicle manufacturer, however, our value added in Canada in the production of motor vehicles in Canada in the base year may experience a short fall of approximately \$22 million. Regardless of this possibility, our total Canadian value added will be maintained at the level of our basic undertaking set forth in paragraph 2 of our letter of January 14, 1965.

Should the total Canadian value added in Ford's vehicle assembly in Canada in any model year fall below the level prevailing in model year 1964, Ford undertakes to purchase an additional amount over the amount purchased in the base year of automotive components from Canadian vendors who are not affiliated with a vehicle manufacturer, which is equal to the short fall in Canadian value added below the level achieved in model year 1964.

This undertaking is conditional upon the Ford Motor Co. of Canada, Ltd., being accorded the same tariff treatment it would receive as if it qualified under the Motor Vehicle Tariff Order 1965.

Yours sincerely,

FORD MOTOR CO. OF CANADA, LTD.,
By KARL E. SCOTT, *President.*

CHRYSLER CANADA, LTD.,
January 13, 1965.

Hon. C. M. DRURY,
Minister of Industry,
Ottawa, Canada.

DEAR MR. MINISTER: I am writing with respect to the agreement between the Governments of Canada and the United States concerning production and trade in automotive products.

Chrysler Canada, Ltd., welcomes the agreement and supports its objectives. In this regard, our company notes that the Governments of Canada and the United States have agreed " * * * that any expansion of trade can best be achieved through the reduction or elimination of tariff and all other barriers to trade operating to impede or distort the full and efficient development of each country's trade and industrial potential * * *." In addition, we note that the Governments of Canada and the United States shall seek the early achievement of the following objectives:

(a) The creation of a broader market for automotive products within which the full benefits of specialization and large-scale production can be achieved;

(b) The liberalization of United States and Canadian automotive trade in respect of tariff barriers and other factors tending to impede it, with a view to enabling the industries of both countries to participate on a fair and equitable basis in the expanding total market of the two countries; and

(c) The development of conditions in which market forces may operate effectively to attain the most economic pattern of investment, production, and trade.

Our company also notes that the right to import motor vehicles and original equipment parts into Canada under the agreement is available

to vehicle manufacturers in Canada who meet the conditions stipulated in the Motor Vehicles Tariff Order 1965.

These conditions are, in brief, that vehicle manufacturers shall maintain in each model year their domestic production of motor vehicles in the same ratio to their domestic sales of motor vehicles and the same dollar value of Canadian value added in the production of motor vehicles in Canada, as in the period August 1, 1963, to July 31, 1964.

In addition to meeting these stipulated conditions and in order to contribute to meeting the objectives of the agreement, Chrysler Canada, Ltd., undertakes—

1. To increase in each model year over the preceding model year the dollar value of Canadian value added in the production of vehicles and original equipment parts by an amount equal to 50 percent of the growth in the market for automobiles sold by our company for consumption in Canada and by an amount equal to 50 percent of the growth in the market for the commercial vehicles specified in tariff item 950 sold by our company for consumption in Canada, it being understood that in the event of a decline in the market a decrease in such dollar value of Canadian value added in the above percentages is acceptable. For this purpose, growth or decline in the market shall be measured as the difference between the cost to our company of vehicles sold in Canada during the current model year and the cost to our company of vehicles sold in Canada during the preceding model year net of Federal sales taxes in both cases, and

2. to increase the dollar value of Canadian value added in the production of vehicles and original equipment parts over and above the amount that we achieved in the period August 1, 1963, to July 31, 1964, and that which we undertake to achieve in 1. above, by an amount of \$33 million during the period August 1, 1967, to July 31, 1968.

Chrysler Canada, Ltd., also agrees to report to the Minister of Industry, every 3 months beginning April 1, 1965, such information as the Minister of Industry requires pertaining to progress achieved by our company, as well as plans to fulfill our obligations under this letter. In addition, Chrysler Canada, Ltd., understands that the Government will conduct an audit each year with respect to the matters described in this letter.

I understand that before the end of model year 1968 we will need to discuss together the prospects for the Canadian automotive industry and our company's program.

Yours sincerely,

PRO FORMA LETTER RESPECTING COMPANY COMMITMENTS

JANUARY 14, 1965.

Hon. C. M. DRURY,
Minister of Industry,
Parliament Building,
Ottawa, Canada.

DEAR MR. MINISTER: I am writing with respect to the agreement between the Governments of Canada and the United States concerning production and trade in automotive products.

The American Motors (Canada), Ltd., welcomes the agreement and supports its objectives. In this regard, our company notes that the Governments of Canada and the United States have agreed " * * * that any expansion of trade can best be achieved through the reduction or elimination of tariff and all other barriers to trade operating to impede or distort the full and efficient development of each country's trade and industrial potential * * *". In addition, we note that the Governments of Canada and the United States shall seek the early achievement of the following objectives:

(a) The creation of a broader market for automotive products within which the full benefits of specialization and large-scale production can be achieved;

(b) The liberalization of United States and Canadian automotive trade in respect to tariff barriers and other factors tending to impede it, with a view to enabling the industries of both countries to participate on a fair and equitable basis in the expanding total market of the two countries; and

(c) The development of conditions in which market forces may operate effectively to attain the most economic pattern of investment, production, and trade.

Our company also notes that the right to import motor vehicles and original equipment parts into Canada under the agreement is available to vehicle manufacturers in Canada who meet the conditions stipulated in the Motor Vehicles Tariff Order 1966. These conditions are, in brief, that vehicle manufacturers shall maintain in each model year their domestic production of motor vehicles in the same ratio to sales of motor vehicles and the same dollar value of Canadian value added in the production of motor vehicles in Canada, as in the period August 1, 1963, to July 31, 1964.

In addition to meeting these stipulated conditions and in order to contribute to meeting the objectives of the agreement, the American Motors (Canada), Ltd, undertakes:

1. To increase in each model year over the preceding model year, Canadian value added in the production of vehicles and original equipment parts by an amount equal to 60 percent of the growth in the market for automobiles specified in tariff item 950 sold by our company for consumption in Canada, it being understood that in the event of a decline in the market a decrease in Canadian value added in the above percentages is acceptable. For this purpose, growth or decline in the market shall be measured as the difference between the cost to our company of vehicles sold in Canada during the current model year and the cost to our company of vehicles sold in Canada during the preceding model year net of Federal sales taxes in both cases; and

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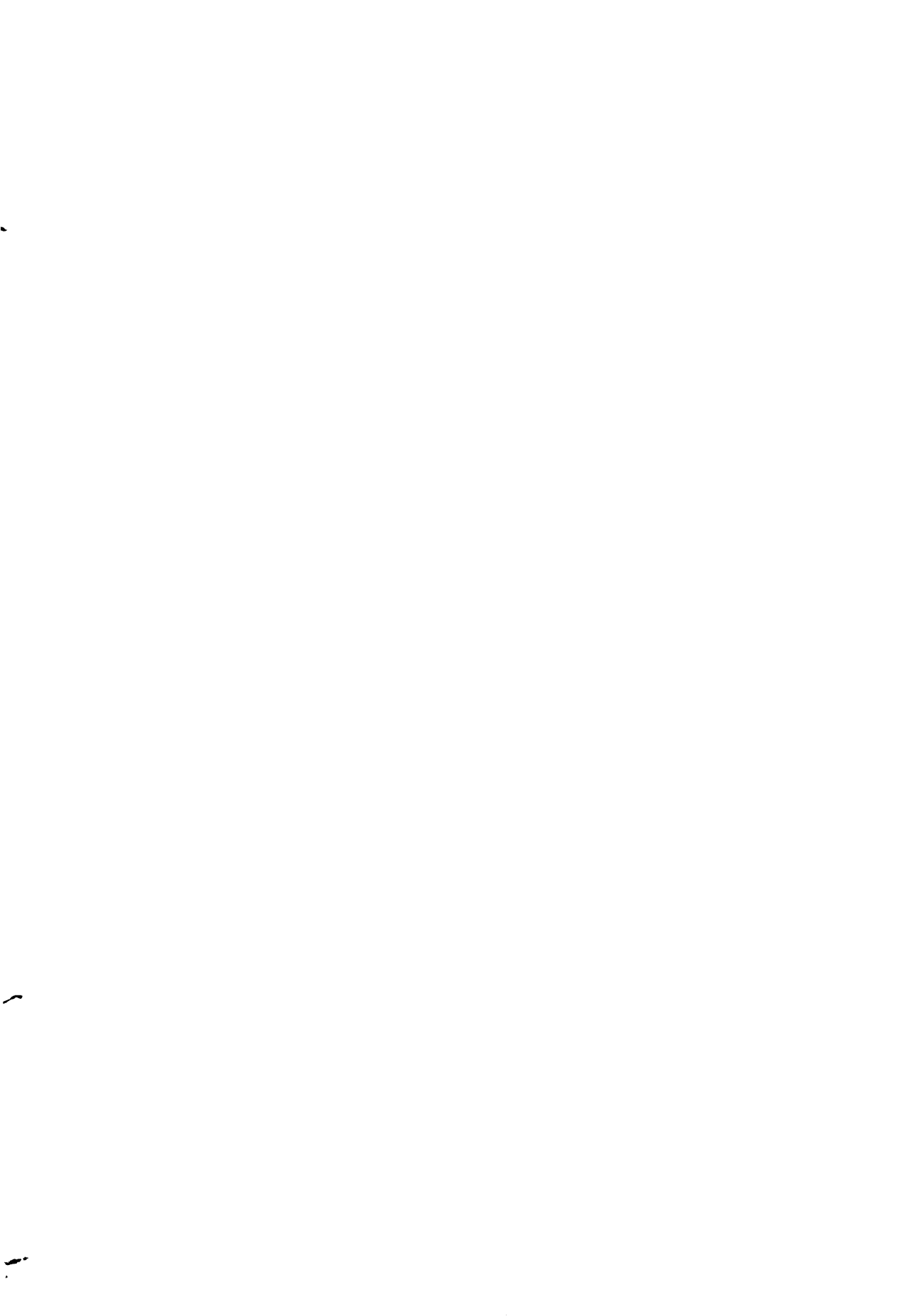
2. To increase Canadian value added over and above the amount that we achieved in the period August 1, 1963, to July 31, 1964, and that which we undertake to achieve in (1) above, by an amount of \$11,200,000 during the period August 1, 1967, to July 31, 1968.

The American Motors (Canada), Ltd., also agrees to report to the Minister of Industry, every 3 months beginning April 1, 1965, such information as the Minister of Industry requires pertaining to progress achieved by our company, as well as to fulfill our obligations under this letter. In addition, the American Motors (Canada), Ltd., understands that the Government will conduct an audit each year with respect to the matters described in this letter.

I understand that before the end of model year 1968 we will need to discuss together the prospects for the Canadian automotive industry and our company's program.

Yours sincerely,

EARL K. BROWNRIDGE,
President, American Motors (Canada), Ltd.



APPENDIX G

ORDER IN COUNCIL ESTABLISHING DUTY-FREE TREATMENT P.C.
1965-99

At the Government House at Ottawa
Saturday, the 16th day of January 1965

PRESENT:

His Excellency the GOVERNOR GENERAL IN COUNCIL:

WHEREAS the Acting Minister of Finance and the Minister of Industry, have reported as follows:

1. That an agreement has been entered into with the United States with respect to the reduction of duties by Canada and the United States on importations of certain automobiles and other vehicles and parts for use as original equipment in certain automobiles and other vehicles; and

2. That it is deemed reasonable by way of compensation for concessions granted by the United States and in order to give effect to the agreement in Canada, to reduce the Customs duties on certain automobiles and other vehicles and parts for use as original equipment in certain automobiles and other vehicles.

THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Acting Minister of Finance and the Minister of Industry, is pleased hereby, pursuant to the Customs Tariff,

(a) to deem reasonable by way of compensation for concessions granted by the United States the reduction of duties provided for in, and

(b) to make, effective the 18th day of January 1965, the annexed Motor Vehicles Tariff Order, 1965, the provisions of which may be cited as "Tariff Item 050".

MOTOR VEHICLES TARIFF ORDER 1965

1. The rates of Customs duties on the following goods imported into Canada on or after January 18, 1965, from any country entitled to the benefit of the British Preferential Tariff or Most-Favoured-Nation Tariff, for which a special entry in such form and manner as is proscribed by the Minister has been made, are reduced to the rate set out as follows opposite the description of those goods:

<i>Description of goods</i>	<i>Rate</i>
(1) Automobiles, when imported by a manufacturer of automobiles.	Free.
(2) All parts, and accessories and parts thereof, except tires and tubes, when imported for use as original equipment in automobiles to be produced in Canada by a manufacturer of automobiles.	Free.
(3) Buses, when imported by a manufacturer of buses.	Free.
(4) All parts, and accessories and parts thereof, except tires and tubes, when imported for use as original equipment in buses to be produced in Canada by a manufacturer of buses.	Free.
(5) Specified commercial vehicles, when imported by a manufacturer of specified commercial vehicles.	Free.
(6) All parts, and accessories and parts thereof, except tires, tubes and machines or other articles required under Tariff Item 438a to be valued separately under the tariff items regularly applicable thereto, when imported for use as original equipment in specified commercial vehicles to be produced in Canada by a manufacturer of specified commercial vehicles.	

2.(1) In this Order

(a) "automobile" means a four-wheeled passenger automobile having a seating capacity for not more than ten persons;

(b) "base year" means the period of twelve months commencing on the 1st day of August 1963 and ending on the 31st day of July 1964;

(c) "bus" means a passenger motor vehicle having a seating capacity for more than 10 persons or a chassis therefor, but does not include any following vehicle or chassis therefor, namely an electric trackless trolley bus, amphibious vehicle, tracked or half-tracked vehicle or motor vehicle designed primarily for off-highway use;

(d) "Canadian value added" has the meaning assigned by regulations made under section 273 of the *Customs Act*;

(e) "manufacturer" of vehicles of any following class, namely automobiles, buses or specified commercial vehicles, means, in relation to any importation of goods in respect of which the description is relevant, a manufacturer that

(i) produced vehicles of that class in Canada in each of the four consecutive three months' periods in the base year, and

(ii) produced vehicles of that class in Canada in the period of twelve months ending on the 31st day of July in which the importation is made;

(A) the ratio of the net sales value of which to the net sales value of all vehicles of that class sold for consumption in Canada by the manufacturer in that period is equal to or higher than the ratio of the net sales value of all vehicles of that class produced in Canada by the manufacturer in the base year to the net sales value of all vehicles of that class sold for consumption in Canada

by the manufacturer in the base year, and is not in any case lower than seventy-five to one hundred, and

(B) the Canadian value added of which is equal to or greater than the Canadian value added of all vehicles of that class produced in Canada by the manufacturer in the base year;

(f) "net sales value" has the meaning assigned by regulations made under section 273 of the *Customs Act*; and

(g) "specified commercial vehicle" means a motor truck, ambulance or hearse, or a chassis therefor, but does not include any following vehicle or chassis therefor, namely a bus, electric trackless trolley bus, fire truck, amphibious vehicle, tracked or half-tracked vehicle, golf or invalid cart, straddle carrier or motor vehicle designed primarily for off-highway use, or any machine or other article required under Tariff Item 438a to be valued separately under the tariff item regularly applicable thereto.

(2) For the purposes of paragraph (e) of subsection (1) of this section, in computing the net sales value of all vehicles of any class described in that subsection that were sold for consumption in Canada by a manufacturer

(a) in the period of twelve months ending on the 31st day of July, 1965, there shall be deducted an amount equal to one and one-half times the net sales value of all vehicles of that class so sold by the manufacturer in that period that were imported into Canada or taken out of warehouse for consumption on or after January 18, 1965, and for which no special entry as described in section 1 of this Order was made; and

(b) in any subsequent period of twelve months ending on the 31st day of July, there shall be deducted an amount equal to the net sales value of all vehicles of that class so sold by the manufacturer in that subsequent period that were imported into Canada or taken out of warehouse for consumption on or after January 18, 1965, and for which no special entry as described in section 1 of this Order was made.

(3) Where a manufacturer of vehicles of any following class, namely automobiles, buses or specified commercial vehicles has, by notice to the Minister in writing accompanied by the consent in writing of any other person, designated such other person as a person associated with the manufacturer in the production of vehicles of that class in Canada in the base year and in any subsequent period of twelve months ending on the 31st day of July specified in the notice, which notice has been communicated to the Minister on or before a day not later than the thirtieth day after the commencement of the period so specified or, in the case of the period ending on the 31st day of July, 1965, after January 18, 1965, the person so designated shall, with respect to vehicles of that class, be deemed for all purposes of this Order in the base year and in the period so specified, not to be a separate person but to be one and the same person as the manufacturer.

ORDER IN COUNCIL PROVIDING REGULATIONS CONCERNING DUTY-FREE TREATMENT P.C. 1965-100

At the Government House at Ottawa
Saturday, the 16th day of January 1965

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, on the recommendation of the Minister of National Revenue, pursuant to paragraph (t) of section 273 of the Customs Act, is pleased hereby to make the annexed Regulations Respecting the Entry of Motor Vehicles under the Motor Vehicles Tariff Order, 1965, effective 18th January, 1965.

REGULATIONS RESPECTING THE ENTRY OF MOTOR VEHICLES UNDER THE MOTOR VEHICLES TARIFF ORDER, 1965

Short title

1. These Regulations may be cited as the *Tariff Item 950 Regulations*.

Interpretation

2. In these Regulations all words and expressions have the meanings assigned to them by the *Motor Vehicles Tariff Order, 1965*, and for the purposes of these Regulations,

(a) "Canadian value added" means, in respect of vehicles of any following class, namely automobiles, buses or specified commercial vehicles, that are produced in Canada in any twelve month period ending the 31st day of July, the aggregate of the following costs to the manufacturer of producing all vehicles of that class that are produced in Canada by the manufacturer in that period and the following depreciation and capital allowances for that period:

(i) the cost of parts produced in Canada, and the cost of materials to the extent that they are of Canadian origin, that are incorporated in the vehicles in the factory of the manufacturer in Canada, but not including parts produced in Canada, or materials to the extent that they are of Canadian origin, that have been exported from Canada and subsequently imported into Canada as parts or materials,

(ii) transportation costs, including insurance charges, incurred in transporting parts and materials from a Canadian supplier or frontier port of entry to the factory of the manufacturer in Canada for incorporation in the vehicles, to the extent that such costs are not included under subparagraph (i),

(iii) notwithstanding subparagraph (i), the cost of the iron, steel and aluminum content of parts produced outside Canada for incorporation into the vehicles, if the iron, steel or aluminum was poured in Canada, to the extent that such cost does not exceed the amount the manufacturer was allowed in respect of such materials for vehicles of that class for the base

year under the *Tariff Item 488C Regulations* or *Tariff Item 488(d) and 488(e) Regulations*,

(iv) such part of the following costs as are reasonably attributable to the production of the vehicles:

(A) wages paid for direct production labour in Canada,

(B) wages paid for indirect production and nonproduction labour in Canada,

(C) materials used in the production operation but not incorporated in the final product,

(D) light, heat, power and water,

(E) workmen's compensation, unemployment insurance and group insurance premiums, pension contributions and similar expenses incurred in respect of labour referred to in clauses (A) and (B),

(F) taxes on land and buildings in Canada,

(G) fire and other insurance premiums relative to production inventories and the production plant and its equipment, paid to a company authorized by the laws of Canada or any province to carry on business in Canada or such province,

(H) rent for factory premises paid to a beneficial owner in Canada,

(I) maintenance and repairs to buildings, machinery and equipment used for production purposes that is executed in Canada,

(J) tools, dies, jigs, fixtures and other similar plant equipment items of a nonpermanent character that have been manufactured in Canada,

(K) engineering services, experimental work and product development work executed in Canada, and

(L) miscellaneous factory expenses,

(v) administrative and general expenses incurred in Canada that are reasonably attributable to the production of the vehicles,

(vi) depreciation in respect of production machinery and permanent plant equipment and the installation costs of such machinery and equipment as authorized by section 4, to the extent that such depreciation is reasonably attributable to the production of the vehicles, and

(vii) a capital allowance not exceeding 5 percent of the total capital outlay incurred by the manufacturer for land and buildings in Canada owned by the manufacturer and used by the manufacturer in the production of vehicles or parts (not including any capital outlay incurred by a person deemed by subsection (3) of section 2 of the Order in the period not to be a separate person but to be one and the same person as the manufacturer) to the extent that such allowance is reasonably attributable to the production of the vehicles;

(h) "Canadian value added" means, in respect of parts, the aggregate of those costs of producing the parts and those depreciation and capital allowances that would be included in the

calculation of Canadian value added if the parts were vehicles;

(c) "net sales value" means, in respect of any vehicle, the selling price received by the manufacturer for the vehicle, including costs of transporting the vehicle in Canada but not including any other costs of transportation or delivery charges, minus

(i) federal sales and excise taxes paid in respect of the vehicle and any parts thereof, and

(ii) rebates, commissions, discounts and other allowances granted by the manufacturer subsequent to the sale in respect of the vehicle;

(d) "Order" means the *Motor Vehicles Tariff Order, 1965*; and

(e) "parts" includes accessories for vehicles and parts of such accessories, but does not include parts or accessories or parts thereof for repair or replacement purposes.

3. (1) For the purposes of subparagraph (i) of paragraph (a) of section 2,

(a) the cost of parts and materials acquired by a manufacturer from its parent corporation, or from any subsidiary wholly-owned corporation or subsidiary controlled corporation of the manufacturer or of its parent corporation shall be deemed to be the Canadian value added of the parts and the cost to such corporation of the materials to the extent that they are of Canadian origin;

(b) the cost of parts and materials acquired by a manufacturer from a supplier other than a corporation described in paragraph (a) shall be deemed to be the selling price of the parts and materials to the manufacturer less the duty paid value of imported goods used in the production thereof and foreign charges applicable thereto;

(c) subject to paragraph (d), iron, steel and aluminum that has been poured in Canada shall be deemed to be wholly of Canadian origin; and

(d) parts acquired by a manufacturer shall be deemed to be produced outside Canada and materials acquired by a manufacturer shall be deemed to be of non-Canadian origin, except any such parts and materials acquired from a supplier in Canada in respect of which the manufacturer has obtained from the supplier a certificate in form prescribed by the Minister stating

(i) in the case of parts and materials acquired by the manufacturer from a corporation described in paragraph (a), the Canadian value added of the parts and the cost to that corporation of the materials to the extent that they are of Canadian origin, and

(ii) in the case of parts and materials acquired by the manufacturer from a supplier other than a corporation described in paragraph (a), the cost thereof as calculated in accordance with paragraph (b).

(2) In subsection (1),

(a) "manufacturer" does not include a person deemed by subsection (3) of section 2 of the Order not to be a separate person but to be one and the same person as the manufacturer; and

(b) "subsidiary wholly-owned corporation" and "subsidiary controlled corporation" have the meanings assigned to those expressions by the *Income Tax Act*.

4. For the purpose of subparagraph (vi) of paragraph (a) of section 2, the amount of depreciation in respect of production machinery and permanent plant equipment for any twelve month period ending on the 31st day of July is,

(a) in the case of machinery and equipment acquired before August 1, 1964 and within the one hundred and twenty months ending on the last day of the period, ten per cent of either

(i) the aggregate of

(A) the capital cost to the manufacturer of any such machinery and equipment that was manufactured in Canada, and

(B) the part of the capital cost to the manufacturer of any such machinery and equipment that was manufactured outside Canada that is reasonably attributable to the cost of installing that machinery and equipment,

minus

(C) the part of the cost referred to in clauses (A) and (B) that was incurred in respect of machinery and equipment that has been disposed of before the beginning of the period, or

(ii) one-half of

(A) the capital cost to the manufacturer of all such machinery and equipment whether manufactured in Canada or elsewhere,

minus

(B) the part of the cost referred to in clause (A) that was incurred in respect of machinery and equipment that has been disposed of before the beginning of the period; and

(b) in the case of machinery and equipment acquired after July 31, 1964 and within the one hundred and twenty months ending on the last day of the period, ten percent of

(i) the capital cost to the manufacturer of any such machinery and equipment that was manufactured in Canada, and

(ii) the part of the capital cost to the manufacturer of any such machinery and equipment that was manufactured outside Canada that is attributable to the cost of installing that machinery and equipment,

minus

(iii) the part of the costs referred to in subparagraphs (i) and (ii) that was incurred in respect of machinery and equipment that has been disposed of before the beginning of the period.

Declaration

5. Every manufacturer that intends to enter vehicles under Tariff Item 950 during any twelve month period ending on the 31st day of July shall, before making its first entry during the period, send to the

Minister a declaration in the form set out in the Schedule in respect of each class of vehicle it intends so to enter.

Reports

6. Every manufacturer that imports vehicles pursuant to the Order shall submit to the Minister and the Minister of Industry every three months commencing April 1, 1965, such reports as may be required by those Ministers respecting the production and sale by the manufacturer of vehicles and parts thereof.

SCHEDULE—DECLARATION OF MANUFACTURER UNDER TARIFF ITEM 950

Declaration

I, ----- of -----
place province
 Canada, do hereby declare that I am the -----
Pres. Gen. Mgr. Controller
 of ----- of -----
name of company place province

Canada, a manufacturer of vehicles of the class referred to in paragraph ----- of Tariff Item 950 and that it is the intention of our company to qualify for entry of vehicles referred to in that paragraph under that Tariff Item.

I further declare that

(a) our company produced vehicles of that class in Canada during each of the four consecutive periods in the base year;

(b) our company intends to produce in Canada in the period August 1, 196-, to July 31, 196-, vehicles of that class;

(c) the ratio of the net sales value of the vehicles of that class that are to be produced in Canada by our company to the total net sales value of all vehicles of that class to be sold for consumption in Canada by our company in the period August 1, 196-, to July 31, 196-, will be equal to or higher than the ratio achieved by our company in the base year; and

(d) the vehicles of that class that are to be produced in Canada in the period August 1, 196- to July 31, 196-, will have a Canadian value added that is equal to or greater than the Canadian value added of all vehicles of that class that were produced by our company in Canada during the base year.

Dated at ----- this ----- day of ----- 19--

Witness: ----- (signed) -----

APPENDIX H

ORDER IN COUNCIL REPEALING REBATE PLAN P.C. 1965-1/98

At the Government House at Ottawa
Saturday, the 16th day of January 1965

PRESENT:

His Excellency the GOVERNOR GENERAL IN COUNCIL:

His Excellency the Governor General in Council, pursuant to Section 22 of the Financial Administration Act, is pleased hereby to order as follows, in accordance with the following minute of the Treasury Board:

T.B. 635460
FINANCE

The Treasury Board recommends that your Excellency in Council, pursuant to Section 22 of the Financial Administration Act, be pleased to amend Order in Council P.C. 1963-1/1544, as amended, in accordance with the Schedule hereto.

SCHEDULE

1. Paragraph (a) of subsection (1) of section 1 of Order in Council P.C. 1963-1/1544 is revoked and the following substituted therefor:

"(a) 'designated period' means any following period, namely:

- (i) November 1, 1963 to October 3, 1964, or
- (ii) November 1, 1964 to January 17, 1965;"

2. (1) Paragraph (a) of section 2 of the said Order is revoked and the following substituted therefor:

"(a) motor vehicles imported or taken out of warehouse by a motor vehicle manufacturer in Canada during the designated period November 1, 1963 to October 31, 1964, and"

(2) Section 2 of the said Order is further amended by adding thereto the following subsection:

"(2) All Customs duties specified in Schedule A to the *Customs Tariff* payable in respect of the following goods, namely:

"(a) motor vehicles imported or taken out of warehouse by a motor vehicle manufacturer in Canada during the designated period November 1, 1964 to January 17, 1965, and

"(b) motor vehicle parts for use as original equipment for motor vehicles, imported or taken out of warehouse by or on behalf of such manufacturer during that designated period. are remitted to the extent of the duties so payable on such part of the value for Customs duty purposes of those goods as does not exceed the amount (hereinafter referred to as the 'excess value') by which

(c) the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during that designated period,

exceeds

(d) the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during the period November 1, 1961 to October 31, 1962,

and where the excess value exceeds the value for Customs duty purposes of the goods so imported or taken out of warehouse during that designated period, the amount of such excess may be added to the Canadian content value, as established to the satisfaction of the Minister of National Revenue, of motor vehicles and motor vehicle parts exported by such manufacturer during the immediately preceding period of twelve months in determining the amount of Customs duties specified in Schedule A to the Customs Tariff that may be remitted under this Order or under Order in Council P.C. 1962-1/1538 in respect of goods imported or taken out of warehouse during that preceding period.

3. For the purposes of this Order,

(a) a manufacturer is a motor vehicle manufacturer in Canada during any relevant period only if such manufacturer produces in Canada during that period motor vehicles the total number of which so produced is not less than forty percent of the total number of motor vehicles sold by such manufacturer during that period;

(b) motor vehicle parts that are produced in Canada by a parts manufacturer and exported and that can be identified as being for use in the manufacture, repair or maintenance of motor vehicles produced by an affiliate outside Canada of a motor vehicle manufacturer in Canada may be considered to have been exported by such motor vehicle manufacturer; and

(c) motor vehicle parts exported for incorporation into motor vehicles to be shipped to Canada shall be deemed not to have been exported if the value of such parts may be taken into account for Customs duty remission purposes under any Order other than this Order upon the subsequent importation of such vehicles.

EXCERPTS FROM THE FINANCE COMMITTEE REPORT

APPENDIX IJ

Calendar No. 768

89TH CONGRESS }
1st Session }

SENATE }

REPORT
No. 782

AUTOMOTIVE PRODUCTS TRADE ACT OF 1965

 SEPTEMBER 27, 1965.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 9042]

The Committee on Finance, to which was referred the bill (H.R. 9042) to provide for the implementation of the Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSES

The principal purposes of H.R. 9042 are to authorize the President (1) to implement the Agreement Concerning Automotive Products Between the Government of the United States and the Government of Canada, signed January 16, 1965; (2) to authorize the implementation of similar agreements that the President may enter into with countries other than Canada; (3) to authorize the implementation of agreements supplementary to the foregoing agreements; and (4) to provide interim special procedures for adjustment assistance to firms and workers suffering dislocation resulting from the operation of the agreement referred to in (1) above.

SUMMARY OF COMMITTEE AMENDMENTS

The committee amended the House-passed bill in three respects.

(1) *Congressional approval of new agreements.*—This amendment requires positive congressional approval of the implementation of any new agreement covering motor vehicles and component parts. This

replaces the negative approach in the House-passed bill which would have provided automatic approval of such an agreement unless Congress passed a concurrent resolution of disapproval within a 60-day period.

(2) *Suspension of proclamations.*—This amendment provides that if the level of Canadian value added should be increased after August 31, 1968, by reason of governmental action, the proclamations effecting duty-free entry into this country for Canadian motor vehicles and original equipment parts would be suspended. It provides a safeguard against new undertakings required of U.S.-owned businesses under which Canadian production would have to be increased to levels above those for which commitments have been made at the time the legislation is approved. On the other hand, even if Canadian value added were required to be increased by further undertakings, Congress could act to continue the duty-free importation into the United States by approving implementing legislation which in effect would endorse the new commitments.

(3) *Tariff schedules modifications.*—The committee also made technical amendments to title IV of the bill. These amendments conform the tariff designations of the articles entitled to duty-free entry to the changes in the Tariff Schedules made by the Tariff Schedules Technical Amendments Act of 1965.

OCCASION FOR THE BILL

The occasion for H.R. 9042 arises from the signing on January 16, 1965, by the President of the United States and the Prime Minister of Canada, of an Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada (hereinafter referred to as the "agreement"). The following letter from the President to the Speaker of the House of Representatives, recommending the enactment of legislation along the lines of H.R. 9042, states the administration's reasons for the legislation:

THE WHITE HOUSE,
Washington, March 31, 1965.

HON. JOHN W. McCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On January 16, Prime Minister Pearson of Canada and I signed an important agreement looking toward free trade in automotive products between our two North American countries. This agreement resolves the serious difference which existed between Canada and the United States over our automotive trade. More significantly, it marks a long step forward in U.S. commercial relations with her greatest trading partner. It testifies to the good will and confidence between us.

The automotive producers of the United States and Canada make up a single great North American industry. The same kind of cars, using the same parts, are produced on both sides of the border, in many cases in factories only a few miles apart. Over 90 percent of the automobiles sold in Canada are assembled by firms owned in part or in whole by U.S. companies. The men and women who work in the plants on both sides of the border are members of the same international union.

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Tariffs and other restrictions involving Canadian-United States trade in automotive products have been the cause of significant inefficiency in this great industry. Canadian plants produce a great variety of cars, essentially identical with those made in far larger numbers in the United States. Because the Canadian market is relatively small, production runs have been short, and costs and prices have been high. High costs and prices, in turn—supported by the tariff and other restrictions—have contributed to keeping the market small.

Historically, Canada's share in North American automotive production has lagged far behind her share in automotive purchases. In 1963, in an attempt to increase its share of the North American market, the Canadian Government put into effect a plan, involving the remission of tariffs, which was designed to stimulate automotive exports. A number of U.S. manufacturers, believing they would be injured by the plan, called upon this Government to impose counter-vailing duties. In all probability, such action would have invited retaliation. We were faced by the prospect of a wasteful contest of stroke and counterstroke, harmful to both Canada and the United States, and helpful to neither. Our broader good relations with our Canadian friends would have suffered strain.

To avoid such a dismal outcome, our two Governments bent every effort to find a rational solution to the problems of a divided industry. The automotive products agreement that the Prime Minister and I signed in January is the result of our joint labors.

The agreement will benefit both countries. We will have avoided a serious commercial conflict. Canada will have achieved her objective of increasing her automotive production. U.S. manufacturers will be able to plan their production to make most efficient use of their plants, whether in Canada or the United States. They will save the price of the tariff and, over the longer run, we will benefit from the faster growth in the Canadian market which lower prices will make possible.

The agreement has already brought results. The Canadian Government revoked its controversial plan and, on January 18, reduced all relevant duties to zero. I am informed that the Canadian Parliament will be asked to give its approval in the near future.

We recognize, of course, that full integration of the North American automobile industry cannot be brought about all at once. To allow time for adjustment, the Canadian sector of the industry—less than one-twentieth the size of ours—will operate initially under special arrangements. The agreement itself will be subject to comprehensive review no later than January 1, 1968. We should then be in a position to judge what further steps are necessary.

In signing the agreement, I pledge myself to ask the Congress to authorize the President to remove all U.S. duties on Canadian automobiles and parts for original equipment. I am today sending to the Congress draft legislation which would give the President that authority. The proposed legislation would also authorize the President to make similar automotive agreements with other countries and to make agreements leading to mutually beneficial reduction of duties on replacement parts.

I repeat: In my judgment, the agreement will benefit both Canada and the United States and the automotive industry and automotive workers in both countries. However, we recognize that adjustments

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in an industry of such size could result in temporary dislocation for particular firms and their workers. To provide appropriate relief, the bill I propose will make applicable the adjustment assistance of title III of the Trade Expansion Act of 1962.

The tariff change contemplated in the automotive agreement is, however, a special case. Tariffs will be cut to zero, all at one time. Furthermore, dislocation, if it should occur, may well be due as much to the decrease in export of certain products as to an increase in imports. Therefore, this bill calls for special procedures for obtaining adjustment assistance. These special procedures will be limited in application to this agreement and to a transition period of 3 years. If a similar agreement is made with another country, or if we should make agreements affecting replacement parts, appropriate adjustment assistance legislation will be recommended to the Congress.

* * *

The agreement and this bill are designed to lead to a more efficient organization of the North American automotive industry. It is based on mutual trust and will result in mutual benefit—benefit to producers, to labor, and to consumers on both sides of the border.

Canada has acted. It is our turn. In order that we may act, I ask the Congress to approve promptly this legislation.

Sincerely,

LYNDON B. JOHNSON.

REASONS FOR THE BILL

This bill and the agreement it implements are integral parts of our foreign economic policy toward Canada.

The President, in proposing this legislation to the Congress, said that the agreement which it will make effective "resolves the serious difference which existed between Canada and the United States over our automotive trade." He added: "More significantly, it marks a long step forward in U.S. commercial relations with her greatest trading partner. It testifies to the good will and confidence between us."

The Secretary of Commerce added that "through this agreement Canada has operated to move in the direction of a single North American automotive industry, and away from maintenance of a separate industry protected by tariffs, with consequent higher costs and prices to the Canadian consumer. This seems to me a step in the right direction from the United States as well as the Canadian point of view * * *"

Not only is the administration strong in its support of the bill, but also both industry and labor are in favor of its prompt passage. That it will enable new economies in the automobile industry, an industry which thrives on mass production and long production runs, is undisputed.

The executive vice president of the General Motors Corp. illustrated the costly inefficiency of the preagreement situation by pointing out that, in order to meet the various restrictive requirements of Canadian law, a single GM plant in Canada is assembling this year a total of 595 different passenger car and truck models, many more than twice the number in any U.S. plant. The situations of the other U.S. companies in Canada are similar. The agreement will greatly simplify

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the operations of the U.S. companies by allowing them to reduce the number of different models produced in Canada and to increase the runs of the models produced there. This will lead to considerable economies.

The vice president of the Ford Motor Co. testified that his company expects the agreement will "(1) increase the efficiency of the automotive industry, and promote a more rapid rate of growth in output and employment in both countries; and (2) maintain a major Canadian export market for U.S. producers of automotive items, and insure continuance of an automotive trade balance between the two countries that is favorable to the United States, and yet acceptable in magnitude to the Canadian Government."

That it will serve to further the interests of labor is attested to by the Secretary of Labor and by spokesmen for the United Auto Workers who appeared at the hearings before the Committee on Finance and at the earlier hearings before the Committee on Ways and Means of the House.

EFFECTS ON U.S. PARTS INDUSTRY

The committee has examined with particular care the effect the implementation of the agreement might have on the very important independent automotive parts manufacturing industry in the United States. We have been assured by the Secretary of Commerce that the independent parts industry will not be adversely affected and, in fact, "should also benefit from this program, both immediately as a result of the termination of the Canadian duty remission scheme, and in the long run as a result of the projected increase in total vehicle sales in the North American market."

The benefits of the agreement apply to both independent parts manufacturers and to the big companies. The parts manufacturers benefit immediately because under the agreement their parts to be used in original equipment are now able to enter Canada duty free. Relieved from duties which ran as high as 25 percent, they will be able to compete far more effectively with less efficiently produced Canadian parts.

Your committee believes that over the long run the absence of duties as provided by the agreement will achieve the objectives of the agreement with the result that there will be a more rapid growth of the Canadian market, and an ultimate reduction of prices of cars to the Canadian consumer. This will lead to increasing sales for U.S. parts manufacturers—sales which would have been impossible without the agreement and the sound business practices it makes possible.

GENERAL STATEMENT

This legislation implements the United States-Canadian Automobile Agreement. It authorizes the President to eliminate U.S. duties on motor vehicles imported from Canada and on original equipment parts and accessories imported from Canada for use in the production of automobiles in this country. It also provides adjustment assistance for any workers or firms dislocated because of new trade patterns growing out of the agreement, with special rules of procedure for determining eligibility, applied over a transitional period to insure that the assistance provided for will be available in the event it should be needed.

The agreement itself is a new and bold approach directed toward the dismantling of trade barriers thwarting the economic growth of the United States-Canadian auto industry. This binational industry is unique. Unlike the European pattern of automobile production, where neighboring countries have developed their own autonomous industry with distinct body styles and types, the automotive industries of the United States and Canada logically and in reality constitute a single great industry. Virtually all automotive producers in the United States, including many of the larger parts producers, have manufacturing plants in Canada. In fact, more than 90 percent of all motor vehicles produced in Canada are made by subsidiaries of U.S. companies. Workers in both countries, for the most part, belong to the same international union. Motor vehicles generally are identical, and parts and components produced in the United States and Canada are interchangeable. Moreover, the geographic proximity of manufacturing facilities, near to both sides of the border, contributes further to the integrated nature of this industry.

Despite the natural tendencies toward a single integrated North American automotive industry, however, the industry has been divided by tariff and other barriers. Tariff protection of the much larger and economically stronger U.S. industry has, in recent years, been relatively low. The duty on most vehicles imported into the United States is 6½ percent ad valorem and the duty on most parts is 8½ percent ad valorem. Canada, on the other hand, has maintained duties of 17½ percent ad valorem on vehicles and up to 25 percent on automotive parts. Moreover, Canada has maintained a so-called content requirement which, in effect, required that Canadian firms incorporate up to 60 percent of parts and labor of Canadian origin in their automobiles assembled in Canada.

While the Canadian restrictions helped to build and maintain a viable automobile industry there, this resulted in higher production costs and higher priced products to the Canadian consumer. Not only was the total North American market smaller but Canada's share of production for this market remained far behind her share of consumption in her own market.

1. *Remission plan.*—In an attempt to remedy this situation and to increase production and employment, the Canadian Government in 1963 announced its so-called remission plan designed to stimulate exports of automotive products by remitting duties on imports to producers who increased exports. Several U.S. parts manufacturers believed this plan unfairly disadvantaged them and they registered strong protests. They regarded the Canadian plan as a subsidy and they sought the imposition of countervailing duties by the United States under section 303 of the Tariff Act of 1930. Whether or not countervailing duties had been imposed against imports from Canada, it is clear that the automotive industry was threatened by a period of uncertainty and possible disruption of its trade and production patterns.

2. *The agreement.*—Thus, faced with a potential trade war with our greatest trading partner, a bold solution was called for. The tariff reductions of 50 percent authorized by the Trade Expansion Act, which must be staged over a 5-year period, obviously were not suitable remedies. Fast and more far-reaching action was needed. The President responded swiftly and surely to stifle the threat of a spreading trade war.

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In the agreement he signed with Prime Minister Pearson of Canada, the objective of seeking the early achievement of a broader market for automotive products, within which the full benefits of specialization and large-scale production can be more fully realized, has been endorsed. To this end, the United States and Canada have agreed to the removal of tariffs with a view to enabling the industries of both countries to participate in the expanding total market in North America. They also have agreed to develop conditions in which market forces may operate to attain the most economic pattern of investment, production, and trade, and to avoid actions which would frustrate the achievement of these objectives (art. I).

For its part, Canada has undertaken to accord duty-free treatment to U.S.-produced motor vehicles imported by a Canadian motor vehicle manufacturer and to U.S.-produced parts imported for use as original equipment in automobiles to be produced in Canada by a motor vehicle manufacturer (art. II(a)).

The U.S. Government has agreed to seek the enactment of legislation in the current session of Congress authorizing the extension of duty-free treatment to the similar products imported from Canada. Since Canada planned to implement its part of the agreement by order-in-council promptly after signature of the agreement, the United States agreed also to seek congressional authorization to remove its duties retroactive to the earliest date administratively practicable following the date on which Canada removed its duties (art. II(b)). This bill provides the legislation needed to carry out the U.S. obligations.

The agreement permits either Government to take action consistent with its obligations under part II of the General Agreement on Tariffs and Trade (GATT) (art. III). Part II of the GATT includes provisions permitting contracting parties to take antidumping measures and escape clause actions. In this connection it should be made clear that nothing in this agreement nor in this enabling legislation acts to dull the operation of our remedial statutes. If a situation calling for application of the antidumping statute should arise, the remedies under that act may be invoked. Similarly, in the event of collusion contrary to the Federal antitrust laws, the provisions of those laws remain fully available.

Provision is made for consultations at the request of either Government on any matter relating to the agreement, as well as for a comprehensive review, no later than January 1, 1968, of progress made toward achieving the objectives of the agreement (art. IV).

The agreement permits either country to conclude similar agreements with third countries (art. V).

The agreement came into provisional force upon the date of signature and is to come into definitive effect after appropriate action is completed in the respective legislatures of the two Governments (art. VI).

The agreement will continue indefinitely but either Government may terminate the agreement after 12 months' written notice (art. VII).

The "annexes" to the agreement spell out in detail the terms and conditions of the duty-free treatment provided for in the agreement. The full text of the agreement, together with a supplementary exchange of notes, is set forth in appendix A.

3. *Letters of undertaking.*—One of the novel features of the solution embodied in the arrangement is the ancillary undertaking by the Canadian automobile companies. By their undertakings the Canadian subsidiaries of U.S. auto companies have expressed to the Canadian Government their intention of expanding their Canadian operations in such a way that the "Canadian value added" (that is, the amount of value added to a product by reason of Canadian industry or services) would be heightened by the end of model year 1968. The total of the additional Canadian value added in the undertakings stated by all the Canadian companies is to be approximately \$241 million plus 60 percent of increased Canadian sales, measured in terms of production costs.

These undertakings (reproduced in app. B) were made by the Canadian subsidiaries in order to reassure the Canadian Government that in agreeing to reciprocal elimination of duties the Canadian part of the automotive industry would not be submerged. The Canadians also wished to be sure that the U.S. parent companies would treat the Canadian plants equally and would not overlook the advantages of production and procurement in Canada. Moreover, Canada wished to be sure that Canadian production and employment would participate in the anticipated rapid growth of the Canadian automobile market.

The undertakings of the Canadian companies are subject to necessary qualifications about market conditions and other factors beyond the control of individual companies.

In the view of the committee, although these letters limit the free trade character of the new arrangements, they do not derogate in any significant degree from the objectives of the agreement. Moreover, the committee has been informed that undertakings for increased production stated in the letters end in 1968, that the administration does not approve their renewal or extension.

However, the committee believes that regardless of the duration of the existing undertakings, no new undertakings should be required of U.S. subsidiaries. Therefore, it has amended the bill to insure that elimination of our tariffs on autos and original equipment parts and accessories will remain in effect after model year 1968 only if new undertakings are not required of our auto companies' subsidiary manufacturers in Canada which involve additional commitments to the Canadian Government for further increasing Canadian value added. If such commitments should be required and if the President made a finding to that effect, he would be required to suspend duty-free entry of autos and original equipment parts and accessories unless (1) Congress in effect approved the additional undertakings by enacting new implementing legislation, or (2) he determines that the additional undertakings caused by governmental action have become inoperative.

This amendment, in effect, provides an opportunity for Congress to review the operation of the agreement if it should be changed because of new undertakings resulting from governmental action.

4. *Advantages of the agreement.*—The agreement is a major stride forward in United States-Canadian economic relations. It represents a joint decision by our two great nations to allow the development of a single unified North American automobile industry uninhibited by tariffs. It offers both U.S. vehicle and parts manufacturers the opportunity to make more efficient their United States and Canadian

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operations. No longer will they need to build duplicate production facilities in Canada. They will be able to realize the full benefits of the economies of scale through longer production runs of fewer models in their Canadian plants. These economies, when reflected in lower prices in Canada, should stimulate further expansion of the Canadian market in which both United States and Canadian firms will participate.

Beyond the automotive industry, however, the agreement establishes a new and desirable course in United States-Canadian relations. The United States has long maintained close and friendly relations with Canada. We are each other's largest trading partners, exchanging about \$9 billion worth of goods between us in 1964. The pattern established for integrated production in the automotive industry could further strengthen the already close economic and other ties between ourselves and Canada to the mutual benefit of both countries.

THE AGREEMENT AND GATT

Under the agreement, and as it will be implemented by the bill, duty free treatment is to be limited to automotive products of Canada. This special treatment is admittedly inconsistent with the obligation of the United States, under article I of the General Agreement on Tariffs and Trade (GATT), to accord unconditional most-favored-nation treatment in respect of customs duties to the products of contracting parties to that agreement. However, the agreement deals with a special and unique relationship between the United States and Canadian automobile industries. As stated previously, motor vehicles, parts, and components are produced in the United States and Canada by companies generally sharing a common ownership, are interchangeable, and the geographic proximity of manufacturing facilities, on both sides of the border, contributes to the integrated nature of the industry.

Because the agreement is not expected to affect the prices for automotive products in the United States, there will be no adverse impact on imports from third countries. GATT recognizes in article XXV that there may be exceptional circumstances which may justify a waiver of an obligation. Your committee, like the Committee on Ways and Means of the House, believes that exceptional circumstances warranting a waiver are present, and is advised that the executive branch is invoking the GATT procedures for the purpose of obtaining a waiver.

Moreover, your committee points out that there are many instances where the most-favored-nation principle of the GATT has been set aside in the interest of trade expansion. The European Economic Community and the European Coal and Steel Community are good examples. So too are the European Free Trade Association and the Latin American Free Trade Association. Each of these arrangements depart from the most-favored-nation principle, yet all of them are successful in advancing the economies of their members.

BALANCE OF PAYMENTS

One aspect of this legislation which was particularly explored by the Committee on Finance was its potential impact on our balance of trade with Canada and on our balance of payments. As already noted,

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Canada of all the countries of the world is the best market for U.S. goods and services, and as might be expected this country is Canada's best market. Total trade in commodities alone totaled nearly \$8 billion in 1963 and \$9 billion in 1964. The significant areas of trade between our two countries are shown in the following table:

TABLE I.—United States-Canadian trade, total and by principal commodities, 1963 and 1964

(In millions of U.S. dollars)

Commodity	1963		1964	
	U.S. exports to Canada	U.S. imports from Canada	U.S. exports to Canada	U.S. imports from Canada
Total, all commodities.....	4,036	3,826	4,653	4,222
Maize, unmilled.....	94	(1)	95	(1)
Fish, fresh and preserved.....	6	108	8	123
Alcohol beverages.....	1	92	2	108
Iron ore and concentrates.....	56	199	56	213
Coal and coke.....	136	5	135	14
Wood, logs, and lumber.....	44	278	56	337
Woodpulp and wastepaper.....	10	206	12	266
Paper and paperboard.....	43	663	47	747
Petroleum, crude and partly refined.....	(1)	234	(1)	236
Nickel.....	7	144	7	136
Aluminum.....	22	110	31	112
Agricultural machinery.....	232	126	304	145
Machinery for special industries and not elsewhere classified.....	440	29	536	57
Electrical machinery.....	362	76	291	70
Road motor vehicles and parts.....	490	24	543	64

¹ Less than \$500.

Source: Compiled by the U.S. Tariff Commission from official statistics of the U.S. Department of Commerce (FT-120 and FT-420).

This table shows not only the heavily one-sided trade in autos and parts, but also the probable victims and beneficiaries of a trade war with Canada.

Table II, below, shows the trend of trade between the United States and Canada in autos and parts. It also shows the constantly widening U.S. surplus.

TABLE II.—United States-Canadian automotive trade

(In millions of dollars)

	Calendar year				1st half (January to June)		
	1961	1962	1963	1964	1963	1964	1965 ¹
U.S. exports to Canada:							
Cars.....	45.2	50.2	26.9	43.4	10.1	18.9	47.6
Trucks and buses.....	23.2	19.2	16.3	15.2	7.6	8.1	11.9
Parts.....	311.6	330.1	497.7	369.4	242.0	321.9	236.0
Total.....	380.0	399.5	541.0	428.0	260.0	349.9	295.5
U.S. imports from Canada:							
Cars.....	.6	.8	.3	18.9	.6	6.6	17.1
Trucks and buses.....	2	3	1.6	4.7	1	1.5	2.1
Parts.....	6.6	9.4	18.9	52.2	8.9	19.3	36.6
Total.....	7.7	9.5	21.4	75.7	9.5	26.8	55.8
U.S. trade surplus.....	372.3	390.0	519.7	352.3	250.5	323.1	239.7

Source: Compiled from Bureau of the Census, FT-410 and FT-110.

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The Treasury Department was asked by the committee to present a statement directed solely to the balance-of-payments implications. Hon. Merlyn N. Trued, Assistant Secretary for International Affairs, U.S. Treasury, appeared in open hearing in response to the committee's request. His conclusion, on behalf of the Treasury Department, was clear, simple, and precise. He stated:

From a balance-of-payments viewpoint then, the automotive agreement simply means this. Under it we stand to maintain our present sizable surplus with Canada in automotive trade. Without the agreement, we stand to lose a part of our present surplus.

The facts and data upon which he based this conclusion are equally clear and simple. For the convenience of the Senate, Mr. Trued's complete statement is reproduced as follows:

STATEMENT OF HON. MERLYN N. TRUED, ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS, U.S. TREASURY, BEFORE THE FINANCE COMMITTEE OF THE U.S. SENATE, SEPTEMBER 20, 1965

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you to comment on the balance-of-payments implications of the proposed legislation to implement the United States-Canadian Automotive Products Agreement.

As this committee knows, the United States has had a substantial overall surplus on trade account with Canada, over the years. Our automotive trade with Canada has contributed substantially to that surplus.

With the automotive products agreement in force, Secretary Connor testified before the committee that: "It is reasonable to project a continuing growth in the Canadian automotive market sufficient to absorb the projected increase in Canadian production without reducing our net favorable balance of trade with Canada." The Treasury supports this conclusion.

Let me begin by reviewing with you the basic figures supporting this conclusion.

	Model year	
	1964 ¹	1968
Total sales in Canada (and out of Canada to 3d countries) of automotive products made in United States and Canada.....	Millions \$1,543.5	Millions \$2,098
Canadian value added of automotive products made in Canada (including replacement parts).....	982.4	1,510
U.S. net surplus in automotive products trade with Canada.....	561.1	588

¹ Based on official statistics of the U.S. Department of Commerce and the Canadian Dominion Bureau of Statistics, supplemented by industry information.

The first line in the table shows for model year 1964, on an actual basis, and for 1968, on a prospective basis, the sales in Canada (and out of Canada to third countries) of automotive products produced in both the United States and

Canada. The second line shows the Canadian value added of automotive products produced in Canada, whether for sale in Canada, export to the United States, or export to third countries. The difference between these lines shows net U.S. exports to Canada. This trade surplus of \$581 million in model year 1964 will, on the basis of our estimates, be approximately the same in model year 1968.

The figure of almost \$2.1 billion at the top of the second column represents the expected size of the Canadian automotive market for automotive products produced in the United States and in Canada in 1968. (It also includes about \$72 million of exports from Canada to third countries.) It assumes a rate of growth of 8 percent per year in the number of automotive units that will be absorbed by the Canadian market between 1964 and 1968. This 8-percent growth estimate is a projection of the growth that has characterized the Canadian market in recent years.

Official Canadian statistics show that for the 5-year period 1960 through 1964, the annual rate of growth in number of units sold averaged 8.5 percent a year. In the 2 years 1963 and 1964, it averaged 12 percent a year.

In value terms, the growth was even greater—averaging 10.6 percent a year for the period 1960 through 1964; and over 14 percent a year for the last 2 years.

The estimate of an 8-percent increase per year in number of units sold is on the conservative side, as these figures suggest.

The Canadian economy shows every prospect for a strong rate of economic growth over the period through 1968, and with this growth the demand for automobiles can be expected to continue strong. This is so even if automobile prices in Canada remain the same. If they decline as the industry gets on a more efficient basis, the estimate of an 8-percent increase per year in the number of units sold may be even more on the conservative side.

The second figure in the right-hand column derives from the 1964 figure of Canadian value added and the two undertakings of the Canadian companies with the Canadian Government. These undertakings provide that, of the total growth of sales in Canada of North American produced cars and trucks, 58 percent (60 percent in the case of cars and 50 percent in the case of trucks) will represent Canadian value added. Over and above this growth factor, the automobile companies have undertaken to produce an additional \$241 million of value added in Canada by 1968. The sum of these figures, plus Canadian value added in 1964, gives the \$1.5 billion of Canadian value added in 1968. By subtracting this figure from the estimated market in Canada for North American produced cars in 1968 we obtain the estimated net value of automotive products that will be supplied to the Canadian market by the United States in 1968.

What the table shows, in short, is that the increase in Canadian value added in the automotive industry between 1964 and 1968 will absorb all of a conservatively estimated increase in the Canadian market for North American produced cars. If the growth of the market should be greater

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than 8 percent, the U.S. automotive trade surplus with Canada in 1968 should exceed the 1964 surplus. After 1968, when the companies no longer have an undertaking with respect to a special \$241 million of value added in Canada, the prospects for an increase in the U.S. automotive trade surplus with Canada will be better. I might note, Mr. Chairman, that our surplus in the first half of this year was about \$45 million above that in the first half of 1964.

From a balance-of-payments viewpoint then, the automotive agreement simply means this. Under it we stand to maintain our present sizable surplus with Canada in automotive trade. Without the agreement, we stand to lose a part of our present surplus. There is no doubt in the administration's mind of this outcome, and I believe other Government witnesses have indicated their firm judgment that, in the absence of the agreement, Canada would undertake measures to limit imports from the United States.

There is another balance-of-payments consideration that I would like to mention briefly in this context. It relates to investment in Canada. The means of financing investments in the automotive industry in Canada in recent years have been reinvestment of local earnings and borrowing in the Canadian market. As Secretary Connor has stated, this pattern will probably continue. That probability is heightened by the fact that under the agreement the companies will have substantial savings from the waiver of Canadian duties they would otherwise have had to pay. This means that any additional investment resulting from the companies' undertakings should involve little, if any, cash transfers from the United States. For this reason we do not anticipate an adverse effect on our balance of payments from increased automotive investment in Canada.

The tightening of Canadian restrictions on imports of U.S. automotive products, in the absence of the agreement, would have probably induced companies to accelerate their investment in Canadian facilities to a degree that may well have required some cash flow from the United States with a consequent adverse effect on our balance of payments.

The above considerations are those which have led me to express Treasury Department concurrence in Secretary Connor's position on the balance-of-payments effects of the automotive agreement.

The Committee on Finance is in agreement with these conclusions. Failure of the President and of the Canadian Prime Minister to conclude the negotiation leading up to the auto agreement could have signaled the beginning of a trade war, under which both countries would have been losers. Obviously the United States would have been the greater loser because of the tremendous contribution the Canadian markets has made to our balance of trade and our balance of payments.

Under the agreement neither country is a loser; both are winners. By the Treasury computations both nations will share in the expanded trade in such proportions that our favorable balance of trade will not be disrupted over the period covered by the letters of undertaking.

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Such a result of a trade agreement is truly unique. Generally one party or the other must suffer an unfavorable shift in trade patterns. By this agreement we will avoid an unfavorable shift in our export trade.

* * * * * *

MINORITY VIEWS

The bill under consideration implements the United States-Canadian Automotive Products Agreement. It purports to be a measure beneficial to the American economy, helpful to our balance of payments, and of benefit to both American and Canadian consumers. In fact, it does none of these. The hearings have demonstrated that this legislation is special interest legislation of the most restrictive sort, the opposite of free trade, detrimental to our balance-of-payment situation and harmful to American industry and jobs.

The agreement came about as a result of negotiations triggered by Canada's tariff remission plan. This illegal, unilateral action of Canada required, under section 303 of the Tariff Act of 1930, the imposition by the United States of countervailing duties. Our Government properly attempted to settle our complaint with Canada by negotiation and ended up with an agreement whose sole American beneficiaries are the automobile manufacturers in Detroit. There are, in essence, three key parties to the agreement: the United States Government, the Canadian Government, and the four major automobile manufacturers and their Canadian subsidiaries.

The agreement clearly contemplates the exportation of American jobs to Canada. The automobile makers are committed to expand Canadian production by 1968 to a level of \$241 million plus 60 percent of the growth in the Canadian industry. This expanded capacity and its intended employment opportunities can come only out of the United States. This agreement, to expand in Canada rather than in the United States, must have a serious effect upon U.S. labor.

This agreement is equally bad for U.S. business. First and foremost, this agreement opens the vast Detroit market to Canadian parts manufacturers to compete with American businesses without receiving any concessions in return.

However, this is not all. The Canadian subsidiaries have committed themselves to a vast expansion program. One way to satisfy this commitment is the manufacture of parts for use in Detroit as original equipment. Canadian labor is on the average, 70 cents per hour cheaper than comparable American labor. The automobile makers, therefore, have every reason to want to make parts in Canada for shipment to Detroit, getting the benefit of cheaper labor, no import duties, and, at the same time, satisfying their commitment to the Canadian Government. Thus, American parts manufacturers will suffer and American jobs will be lost.

Further, although the agreement does not now reduce duties on replacement parts, the American parts manufacturers will also see their role in the replacement market severely jeopardized. In almost every case, the maker of replacement parts is dependent upon his contracts with Detroit to supply parts for new cars. This, in the industry, is his lifeblood. This is how he receives in advance of the need of replacement parts, still several years away, the specifications

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for the parts he will produce, and the money to tool up. Without orders from the automobile makers, he cannot survive.

When the automobile manufacturers themselves, or their chosen affiliates tool up in Canada to make original equipment parts for new cars, satisfying their commitments to the Canadian Government, they will do two things. First, they will deprive the American parts manufacturer of the initial new parts order he needs to get started. Second, once tooled up in Canada to supply parts duty free for new cars to Detroit, they will surely continue to compete in the replacement market in spite of our tariff wall.

The Tariff Commission estimates that over 10,000 independent U.S. businesses supply parts to American automobile manufacturers for use in making new cars.

This agreement has been sold to Americans as free trade. It is not. It is the antithesis of free trade. It removes tariffs, not generally, not even with one nation, but only for a chosen few automobile manufacturers. The Canadian duty on American automobiles is not removed. A dealer in Montana or Maine cannot sell duty-free across the border in Canada. Only an automobile manufacturer can import into Canada free of the 17½ percent Canadian tariff. Not only that, it must be a qualified manufacturer; i.e., one who has provided satisfactory commitments to the Canadian Government.

U.S. duties are not lowered for the benefit of everyone. Parts may be imported duty free only if they are going to an automobile manufacturer. The dealer or supplier who would attempt to sell Canadian made parts to automobile supply stores or automobile repair businesses, or directly to American consumers, must still pay the tariff. This is not free trade and it does not benefit American consumers. Basically, it benefits only a few automobile manufacturers.

It should be noted that qualified manufacturers can designate other companies to help meet their commitments. These other companies will also get the special benefits provided. Thus, this agreement encourages the privileged companies to designate other parties to set up assembly plants in Canada. Thus encouraged by the special treatment, parts manufacturers themselves will in some cases undoubtedly move to Canada.

With regard to our balance of payments, the Assistant Secretary of International Affairs for the Treasury Department, the Honorable Merlyn N. Trued, testified that in 1964 we had a favorable trade surplus with Canada of \$581 million. He further testified that under this agreement, we would retain that surplus, i.e., in 1968 our trade surplus is estimated to be, under the agreement, \$580 million. He failed to say that it is estimated that, had the Canadians been persuaded to drop their illegal tariff remission scheme, our trade surplus with Canada would have reached \$841 million by 1968. Further, had we done nothing at all in the face of their remission scheme, our surplus would have been \$650 million.

In other words, from a balance of payments point of view, in protesting the drop from \$850 million to \$650 million, the State Department negotiated us down to \$580 million.

Further, this agreement admittedly puts us clearly in violation of the GATT agreement. Our whole trade policy since the early 1930's has been to reduce trade barriers. The keystone of this policy is the "most-favored-nation" concept. Concessions given to one trading

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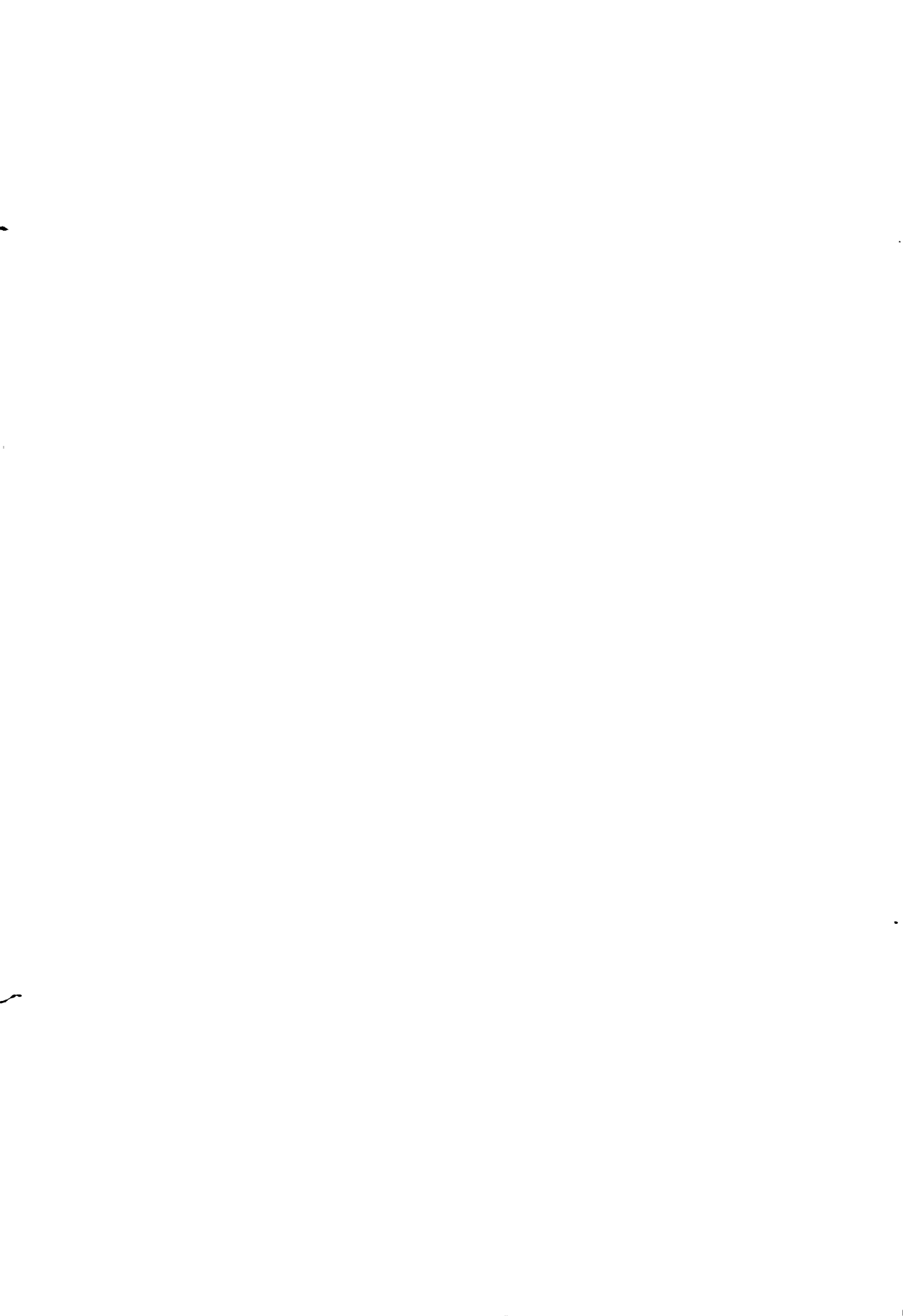
partner are given to all. At the present time, the United States has unconditional most-favored-nation commitments to the GATT. We face severe trading problems in the coming Kennedy round. To violate our agreement at this time, to present the world with a fait accompli and ask for waivers afterward, shows a lack of faith which cannot help but have world repercussions.

It is said that this agreement will help our relations with Canada. It can do nothing but earn us the resentment of the Canadian people. The Canadian taxpayer will lose, under this plan, \$50 million of tariff subsidy to these corporations. However, it has been revealed in the hearings that the benefits of increased production, greater efficiency, lower tariffs, and all the other benefits the agreement will bring, will not be passed on to the Canadian consumer in the form of lower prices.

The undersigned are for equitable trade agreements which lead to mutual benefits and mutual prosperity. In this case, we have given up the \$241 million guaranteed increased production plus 60 percent of the increase over 1964 production. We have also guaranteed maintenance of the level of Canadian value added in 1964. We have in effect closed the Canadian market to us. We opened the U.S. market and got nothing in return. We have taken our Canadian problem, in which we are the injured party and Canada is the violator of international agreements, and negotiated an agreement which extinguishes the Canadian violation and places the United States in violation. We have negotiated away our problem with Canada and negotiated ourselves into a problem with 75 free world members of GATT. We pay for these privileges with a worsened balance-of-payments situation. The undersigned recommend that the U.S. Senate not be a party to such an agreement.

ABRAHAM RIBICOFF.
VANCE HARTKE.
ALBERT GORE.

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APPENDIX K

Public Law 89-283

89th Congress, H.R. 9042

October 21, 1965

AN ACT To provide for the implementation of the Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE AND PURPOSES

SHORT TITLE

SECTION 101. This Act may be cited as the "Automotive Products Trade Act of 1965."

PURPOSES

SEC. 102. The purposes of this Act are—

(1) to provide for the implementation of the Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada signed on January 16, 1965 (hereinafter referred to as the "Agreement"), in order to strengthen the economic relations and expand trade in automotive products between the United States and Canada; and

(2) to authorize the implementation of such other international agreements providing for the mutual reduction or elimination of duties applicable to automotive products as the Government of the United States may hereafter enter into.

TITLE II—BASIC AUTHORITIES

IMPLEMENTATION OF THE AGREEMENT

SEC. 201. (a) The President is authorized to proclaim the modifications of the Tariff Schedules of the United States provided for in title IV of his Act.

(b) At any time after the issuance of the proclamation authorized by subsection (a), the President is authorized to proclaim further modifications of the Tariff Schedules of the United States to provide for the duty-free treatment of any Canadian article which is original motor-vehicle equipment (as defined by such Schedules as modified pursuant to subsection (a)) if he determines that the importation of such article, is actually or potentially of commercial significance and that such duty-free treatment is required to carry out the Agreement.

IMPLEMENTATION OF OTHER AGREEMENTS

SEC. 202. (a) Whenever, after determining that such an agreement will afford mutual trade benefits, the President enters into an agreement with the government of a country providing for the mutual elimination of the duties applicable to products of their respective countries which are motor vehicles and fabricated components intended for use as original equipment in the manufacture of such vehicles, the President (in accordance with subsection (d)) is authorized to proclaim such modifications of the Tariff Schedules of the United States as he determines to be required to carry out such agreement.

(b) Whenever, after having entered into an agreement with the government of a country providing for the mutual elimination of the duties applicable to products described in subsection (a), the President, after determining that such further agreement will afford mutual trade benefits, enters into a further agreement with such government providing for the mutual reduction or elimination

of the duties applicable to automotive products other than motor vehicles and fabricated components intended for use as original equipment in the manufacture of such vehicles, the President (in accordance with subsection (d)) is authorized to proclaim such modifications of the Tariff Schedules of the United States as he determines to be required to carry out such further agreement.

(c) Before the President enters into the negotiation of an agreement referred to in subsection (a) or (b), he shall—

(1) seek the advice of the Tariff Commission as to the probable economic effect of the reduction or elimination of duties on industries producing articles like or directly competitive with those which may be covered by such agreement;

(2) give reasonable public notice of his intention to negotiate such agreement (which notice shall be published in the Federal Register) in order that any interested person may have an opportunity to present his views to such agency as the President shall designate, under such rules and regulations as the President may prescribe; and

(3) seek information and advice with respect to such agreement from the Department of Commerce, Labor, State, and the Treasury, and from such other sources as he may deem appropriate.

(d)(1) The President shall transmit to each House of the Congress a copy of each agreement referred to in subsection (a) or (b). The delivery to both Houses shall be on the same day and shall be made to each House while it is in session.

(2) The President is authorized to issue any proclamation to carry out any such agreement—

(A) only after the expiration of the 60-day period following the date of delivery,

(B) only if, between the date of delivery and the expiration of such 60-day period, the Congress has not adopted a concurrent resolution stating in substance that the Senate and House of Representatives disapprove of the agreement, and

(C) in the case of any agreement referred to in subsection (b) with any country, only if there is in effect a proclamation implementing an agreement with such country applicable to products described in subsection (a).

(3) For purposes of paragraph (2) in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

(e) This section shall cease to be in effect on the day after the date of the enactment of this Act.

EFFECTIVE DATE OF PROCLAMATIONS

SEC. 203. (a) Subject to subsection (b), the President is authorized, notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C., sec. 1514) or any other provision of law, to give retroactive effect to any proclamation issued pursuant to section 201 of this Act as of the earliest date after January 17, 1965, which he determines to be practicable.

(b) In the case of liquidated customs entries, the retroactive effect pursuant to subsection (a) of any proclamation shall apply only upon request therefor filed with the customs officer concerned on or before the 90th day after the date of such proclamation and subject to such other conditions as the President may specify.

TERMINATION OF PROCLAMATIONS

SEC. 204. The President is authorized at any time to terminate, in whole or in part, any proclamation issued pursuant to section 201 or 202 of this Act.

SPECIAL REPORTS TO CONGRESS

SEC. 205. (a) No later than August 31, 1968, the President shall submit to the Senate and the House of Representatives a special report on the comprehensive review called for by Article IV(e) of the Agreement. In such report he shall advise the Congress of the progress made toward the achievement of the objectives of Article I of the Agreement.

(b) Whenever the President finds that any manufacturer has entered into any undertaking, by reason of governmental action, to increase the Canadian value added of automobiles, buses, specified commercial vehicles, or original equipment parts produced by such manufacturer in Canada after August 31, 1968, he shall

report such finding to the Senate and the House of Representatives. The President shall also report whether such undertaking is additional to undertakings agreed to in letters of undertaking submitted by such manufacturer before the date of enactment of this Act.

(c) The reports provided for in subsections (a) and (b) of this section shall include recommendations for such further steps, including legislative action, if any, as may be necessary for the achievement of the purposes of the Agreement and this Act.

TITLE III—TARIFF ADJUSTMENT AND OTHER ADJUSTMENT ASSISTANCE

GENERAL AUTHORITY

SEC. 301. Subject to section 302 of this Act, a petition may be filed for tariff adjustment or for a determination of eligibility to apply for adjustment assistance under title III of the Trade Expansion Act of 1962 (19 U.S.C., sec. 1901-1991) as though the reduction or elimination of a duty proclaimed by the President pursuant to section 201 or 202 of this Act were a concession granted under a trade agreement referred to in section 301 of the Trade Expansion Act of 1962.

SPECIAL AUTHORITY DURING TRANSITIONAL PERIOD UNDER THE AGREEMENT

SEC. 302. (a) After the 90th day after the date of the enactment of this Act and before July 1, 1968, a petition under section 301 of this Act for a determination of eligibility to apply for adjustment assistance may be filed with the President by—

(1) a firm which produces an automotive product, or its representative;

or

(2) a group of workers in a firm which produces an automotive product, or their certified or recognized union or other duly authorized representative.

(b) After a petition is filed by a firm or group of workers under subsection (a), the President shall determine whether—

(1) dislocation of the firm or group of workers has occurred or threatens to occur;

(2) production in the United States of the automotive product concerned produced by the firm, or an appropriate subdivision thereof, and of the automotive product like or directly competitive therewith, has decreased appreciably; and

(3)(A) imports into the United States from Canada of the Canadian automotive product like or directly competitive with that produced by the firm, or an appropriate subdivision thereof, have increased appreciably; or

(B) exports from the United States to Canada of the United States automotive product concerned produced by the firm, or an appropriate subdivision thereof, and of the United States automotive product like or directly competitive therewith, have decreased appreciably, and the decrease in such exports is greater than the decrease, if any, in production in Canada of the Canadian automotive product like or directly competitive with the United States automotive product being exported.

(c) If the President makes an affirmative determination under paragraphs (1), (2), and (3) of subsection (b), with respect to a firm or group of workers, he shall promptly certify that as a result of its dislocation the firm or group of workers is eligible to apply for adjustment assistance, unless the President determines that the operation of the Agreement has not been the primary factor in causing or threatening to cause dislocation of the firm or group of workers.

(d) If the President makes an affirmative determination under paragraph (1) but a negative determination under paragraph (2) or (3) of subsection (b), with respect to a firm or group of workers, the President shall determine whether the operation of the Agreement has nevertheless been the primary factor in causing or threatening to cause dislocation of the firm or group of workers. If the President makes such an affirmative determination, he shall promptly certify that as a result of its dislocation the firm or group of workers is eligible to apply for adjustment assistance.

(e)(1) In order to provide the President with a factual record on the basis of which he may make the determinations referred to in subsections (b), (c), and (d)

with respect to a firm or a group of workers, the President shall promptly transmit to the Tariff Commission a copy of each petition filed under subsection (a) and, not later than 5 days after the date on which the petition is filed, shall request the Tariff Commission to conduct an investigation related to questions of fact relevant to such determinations and to make a report of the facts disclosed by such investigation. In his request, the President may specify the particular kinds of data which he deems appropriate. Upon receipt of the President's request, the Tariff Commission shall promptly institute the investigation and promptly publish notice thereof in the Federal Register.

(2) In the course of each investigation conducted under paragraph (1), the Tariff Commission shall, after reasonable notice, hold a public hearing, if such hearing is requested (not later than 10 days after the date of the publication of its notice under paragraph (1)) by the petitioner or any other person showing a proper interest in the subject matter of the investigation, and shall afford interested persons an opportunity to be present, to produce evidence, and to be heard at such hearing.

(3) Not later than 50 days after the date on which it receives the request of the President under paragraph (1), the Tariff Commission shall transmit to the President a report of the facts disclosed by its investigation, together with the transcript of the hearing and any briefs which may have been submitted in connection with such investigation.

(f)(1) The President shall make each final determination under subsection (b) (c), or (d) with respect to a firm or group of workers only after he has sought advice from the Departments of Commerce, Labor, and the Treasury, the Small Business Administration, and such other agencies as he may deem appropriate.

(2) The President shall make each such final determination not later than 15 days after the date on which he receives the Tariff Commission's report, unless, within such period, the President requests additional factual information from the Tariff Commission. In this event, the Tariff Commission shall, not later than 25 days after the date on which it receives the President's request, furnish such additional factual information in a supplemental report, and the President shall make his final determination not later than 10 days after the date on which he receives such supplemental report.

(3) The President shall promptly publish in the Federal Register a summary of each final determination under this section.

(g) Any certification with respect to a group of workers made by the President under this section shall—

(1) specify the date on which the dislocation began or threatens to begin; and

(2) be terminated by the President whenever he determines that the operation of the Agreement is no longer the primary factor in causing separations from the firm or subdivision thereof, in which case such termination shall apply only with respect to separations occurring after the termination date specified by the President.

(h) Any certification with respect to a firm or a group of workers or any termination of such certification, including the specification of a date in such certification or termination, made by the President under this section shall constitute a certification or termination, including the specification of a date therein, under section 302 of the Trade Expansion Act of 1962 (19 U.S.C., sec. 1902) for purposes of chapter 2 or 3 of title III of that Act.

(i) If a firm which has been certified under this section applies for tax assistance as provided by section 317 of the Trade Expansion Act of 1962, the reference in subsection (a)(2) of such section 317 to a trade or business which was seriously injured by increased imports which the Tariff Commission has determined to result from concessions granted under trade agreements shall be treated as referring to a trade or business which was seriously injured by the operation of the Agreement.

(j) Notwithstanding any provision of chapter 3 of title III of the Trade Expansion Act of 1962 or of this title, applications based on any certification made by the President under this section for—

(1) trade readjustment allowances for weeks of unemployment beginning after January 17, 1965, and before the 90th day after the date of the enactment of this Act, and

(2) relocation allowances for relocations occurring after January 17, 1965, and before such 90th day, shall be determined in accordance with regulations prescribed by the Secretary of Labor.

(k) The President is authorized to exercise any of his functions under this section through such agency or other instrumentality of the United States Government as he may direct and in conformity with such rules or regulations as he may prescribe.

(l) For purposes of this section—

(1) The term "automotive product" means a motor vehicle or a fabricated component to be used as original equipment in the manufacture of motor vehicles.

(2) The term "dislocation" means—

(A) in the case of a firm, injury to the firm, which may be evidenced by such conditions as idling of productive facilities, inability to operate at a level of reasonable profit, or unemployment or underemployment, and which is of a serious nature; and

(B) in the case of a group of workers, unemployment or underemployment of a significant number or proportion of the workers of a firm or an appropriate subdivision thereof.

(3) The term "firm" includes an individual proprietorship, partnership, joint venture, association, corporation (including a development corporation), business trust, cooperative, trustees in bankruptcy, and receivers under decree of any court. A firm, together with any predecessor, successor, or affiliated firm controlled or substantially beneficially owned by substantially the same persons, may be considered a single firm where necessary to prevent unjustifiable benefits.

(4) The term "operation of the Agreement" includes governmental or private actions in the United States or Canada directly related to the conclusion or implementation of the Agreement.

ADJUSTMENT ASSISTANCE RELATED TO OTHER AGREEMENTS

SEC. 303. At the time the President transmits to the Congress a copy of any agreement pursuant to section 202(d)(1), he shall recommend to the Congress such legislative provisions concerning adjustment assistance to firms and workers as he determines to be appropriate in light of the anticipated economic impact of the reduction or elimination of duties provided for by such agreement.

AUTHORIZATION OF APPROPRIATIONS

SEC. 304. There are hereby authorized to be appropriated such sums as may be necessary from time to time to carry out the provisions of this title, which sums are authorized to be appropriated to remain available until expended.

TITLE IV—MODIFICATIONS OF TARIFF SCHEDULES OF THE UNITED STATES

ENTRY INTO FORCE AND STATUS OF MODIFICATIONS

SEC. 401. (a) The modifications of the Tariff Schedules of the United States provided for in this title shall not enter into force except as proclaimed by the President pursuant to section 201(a) of this Act.

(b) The rates of duty in column numbered 1 of the Tariff Schedules of the United States which are modified pursuant to section 201(a) of this Act shall be treated—

(1) as not having the status of statutory provisions enacted by the Congress, but

(2) as having been proclaimed by the President as being required to carry out a foreign trade agreement to which the United States is a party.

REFERENCES TO TARIFF SCHEDULES

SEC. 402. Whenever in this title a modification is expressed in terms of a modification of an item or other provision, the reference shall be considered to be made to an item or other provision of the Tariff Schedules of the United States (19 U.S.C., sec. 1202). Each page reference "(p.)" in this title refers to the page on which the item or provision referred to appears both in part II of the Federal Register for August 27, 1963, and in volume 77A of the United States Statutes at Large.

DEFINITION OF CANADIAN ARTICLE

SEC. 403. In general headnote 3 (pp. 11 and 12) redesignate paragraphs (d), (e), and (f) as paragraphs (e), (f), and (g), respectively, and insert a new paragraph (d) as follows:

“(d) Products of Canada.

“(i) Products of Canada imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. The rates of duty for a Canadian article, as defined in subdivision (d)(ii) of this headnote, apply only as shown in the said column numbered 1.

“(ii) The term ‘Canadian article’, as used in the schedules, means an article which is the product of Canada, but does not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry (that is, the actual purchase price, or, if not purchased, the export value, of such materials, plus, if not included therein, the cost of transporting such materials to Canada but exclusive of any landing cost and Canadian duty) was—

“(A) with regard to any motor vehicle or automobile truck tractor entered on or before December 31, 1967, more than 60 percent of the appraised value of the article imported into the customs territory of the United States; and

“(B) with regard to any other article (including any motor vehicle or automobile truck tractor entered after December 31, 1967), more than 50 percent of the appraised value of the article imported into the customs territory of the United States.”

DEFINITION OF ORIGINAL MOTOR-VEHICLE EQUIPMENT

SEC. 404. In the headnotes for subpart B, part 6, schedule 6 add after headnote 1 (p. 325) the following new headnote:

“2. Motor Vehicles and Original Equipment Therefor of Canadian Origin.—(a) The term ‘original motor-vehicle equipment’, as used in the schedules with reference to a Canadian article (as defined by general headnote 3(d)), means such a Canadian article which has been obtained from a supplier in Canada 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 to be used in their manufacture.

“(b) The term ‘motor vehicle’, as used in this headnote, means a motor vehicle of a kind described in item 692.05 or 692.10 of this subpart (excluding an electric trolley bus and a three-wheeled vehicle) or an automobile truck tractor.

“(c) The term ‘bona fide motor-vehicle manufacturer’, as used in this headnote, means a person who, upon application to the Secretary of Commerce, is determined by the Secretary to have produced no fewer than 15 complete motor vehicles in the United States during the previous 12 months, and to have installed capacity in the United States to produce 10 or more complete motor vehicles per 40-hour week. The Secretary of Commerce shall maintain, and publish from time to time in the Federal Register, a list of the names and addresses of bona fide motor-vehicle manufacturers.

“(d) If any Canadian article accorded the status of original motor-vehicle equipment is not so used in the manufacture in the United States of motor vehicles, such Canadian article or its value (to be recovered from the importer or other person who diverted the article from its intended use as original motor-vehicle equipment) shall be subject to forfeiture, unless at the time of the diversion of the Canadian article the United States Customs Service is notified in writing, and, pursuant to arrangements made with the Service—

“(i) the Canadian article is, under customs supervision, destroyed or exported, or

“(ii) duty is paid to the United States Government in an amount equal to the duty which would have been payable at the time of entry if the Canadian article had not been entered as original motor-vehicle equipment.”

IDENTIFICATION OF AUTOMOTIVE PRODUCTS

SEC. 405. (a) Redesignate item 692.25 (p. 326) as 692.27; in headnote 1(b) of subpart B, part 6, schedule 6 (p. 325) substitute "item 692.27" in lieu of "item 692.25"; and insert in proper numerical sequence new items as follows.

" 632.06	If Canadian article, but not including any electric trolley bus, three-wheeled vehicle, or trailer accompanying an automobile truck tractor (see general headnote 3(d)).....	Free	"
" 692.11	If Canadian article, but not including any three-wheeled vehicle (see general headnote 3(d)).....	Free	"
" 692.21	Chassis, if Canadian article, except chassis for an electric trolley bus, or a three-wheeled vehicle; bodies (including cabs), if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free	"
" 692.23	Chassis, if Canadian article, except chassis designed primarily for a vehicle described in item 692.15 or a three-wheeled vehicle; bodies (including cabs), if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free	"
" 692.25	If Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free	"
" 692.28	Automobile truck tractors, if Canadian article; other articles, if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free	"

" (a) Insert in proper numerical sequence new items as follows:

" 361.90	Any article described in the foregoing items 360.20 to 360.70, inclusive, 360.80, 361.80, or 361.85, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 516.90	Any article described in the foregoing items 516.71 to 516.76, inclusive, or 516.94, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 646.79	Any article described in the foregoing item 646.20 and items 646.40 to 646.78, inclusive (except 646.45 and 646.47), if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 652.39	Any article described in the foregoing items 652.12 to 652.38, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 658.10	Any article described in the foregoing items 657.09 to 658.00, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 682.65	Any article described in the foregoing items 682.10 to 682.60, inclusive (except 682.50), if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 685.55	Any article described in the foregoing items 685.20 to 685.50, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 721.20	Any article in the foregoing items covering clocks, clock movements, clock cases and dials and parts thereof, plates (720.67), assemblies and subassemblies for clock movements, and other parts for clock movements, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"

(c) Insert in proper numerical sequence new items 355.27, 369.80, 726.80, 745.80, and 774.70, each having an article description and rate as follows:

Any article described in the foregoing provisions of this subpart, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
--	------	---

(d) Redesignate item 613.16 as 613.18, item 652.85 as 652.84, item 652.87 as 652.88, item 680.34 as 680.33, item 680.58 as 680.60, item 680.59 as 680.70, item 680.60 as 680.90, and item 711.91 as 711.93; and insert in proper numerical sequence new items as follows:

207.01	652.89	683.11
220.46	660.43	683.16
357.91	660.45	683.61
357.96	660.47	683.66
358.03	660.51	684.41
517.82	660.53	684.63
535.15	660.55	684.71
540.72	660.86	685.71
544.18	660.93	685.81
544.32	660.95	685.91
544.42	661.11	686.11
544.52	661.13	686.23
544.55	661.16	686.61
545.62	661.21	686.81
545.64	661.36	687.51
547.16	661.93	687.61
610.81	661.96	688.13
613.16	662.33	688.41
631.19	662.51	711.85
618.48	664.51	711.91
620.47	678.51	711.99
642.21	680.21	712.51
642.86	680.23	727.07
642.88	680.28	772.66
646.93	680.31	772.81
647.02	680.34	772.86
647.06	680.36	773.26
652.10	680.58	773.31
652.76	680.91	791.81
652.85	682.71	791.91
652.87	692.91	

each such item having the article description "If Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6) * * *" subordinate to the immediately preceding article description, and having "Free" in rate of duty column numbered 1.

TITLE V—GENERAL PROVISIONS

AUTHORITIES

SEC. 501. The head of any agency performing functions authorized by this Act may—

- (1) authorize the head of any other agency to perform any of such functions; and
- (2) prescribe such rules and regulations as may be necessary to perform such functions.

ANNUAL REPORT

SEC. 502. The President shall submit to the Congress an annual report on the implementation of this Act. Such report shall include information regarding new negotiations, reductions or eliminations of duties, reciprocal concessions obtained, and other information relating to activities under this Act. Such report shall also include information providing an evaluation of the Agreement and this Act in relation to the total national interest, and specifically shall include, to the extent practicable, information with respect to—

- (1) the production of motor vehicles and motor vehicle parts in the United States and Canada.
- (2) the retail prices of motor vehicles and motor vehicles parts in the United States and Canada,
- (3) employment in the motor vehicle industry and motor vehicle parts industry in the United States and Canada, and
- (4) United States and Canadian trade in motor vehicles and motor vehicle parts, particularly trade between the United States and Canada.

APPLICABILITY OF ANTIDUMPING AND ANTITRUST LAWS

Sec. 503. Nothing contained in this Act shall be construed to affect or modify the provisions of the Anti-Dumping Act, 1921 (19 U.S.C. 160-173), or of any of the antitrust laws as designated in section 1 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12).

TITLE VI--MISCELLANEOUS PROVISIONS

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

Sec. 601. Section 601(e) of the Revenue Act of 1941 (55 Stat. 726) (relating to the Joint Committee on Reduction of Nonessential Federal Expenditures) is amended to read as follows:

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

Approved October 21, 1965.

LEGISLATIVE HISTORY

House Reports No. 537 (Committee on Ways and Means) and No. 1115 (committee of conference).
Senate Report No. 782 (Committee on Finance).
Congressional Record, vol. 111 (1965)

Aug. 31 Considered and passed House.
Sept. 28, 29 Considered in Senate.
Sept. 30 Considered and passed Senate, amended.
Oct. 5 Senate agreed to conference report.
Oct. 8 House agreed to conference report.

PROCLAMATION 3682

IMPLEMENTING AGREEMENT CONCERNING AUTOMOTIVE PRODUCTS BETWEEN THE
UNITED STATES AND CANADA

By the President of the United States of America

A PROCLAMATION

WHEREAS the United States and Canada on January 16, 1965, entered into an Agreement Concerning Automotive Products, which provides that Canada shall accord duty-free treatment to imports of certain automotive products of the United States and that, after enactment of implementing legislation, the United States shall accord duty-free treatment to certain automotive products of Canada retroactively to the earliest date administratively possible following the date on which the agreement has been implemented by Canada (art. II, 89th Cong. 1st sess., H. Rep. 537, 38);

WHEREAS the agreement of January 16, 1965, was implemented by Canada through the granting of the requisite duty-free treatment to United States products on January 18, 1965;

WHEREAS titles II and IV of the Automotive Products Trade Act of 1965 have been enacted to provide for modifications of the Tariff Schedules of the United States (19 U.S.C. 1202) to implement the agreement of January 16, 1965, such modifications to enter into force in the manner proclaimed by the President (79 Stat. 1016);

WHEREAS sections 201(a) and 203 of the Automotive Products Trade Act of 1965 authorize the President to proclaim the modifications of the Tariff Schedules of the United States provided for in sections 403, 404, and 405 of that Act with retroactive effect as of the earliest date after January 17, 1965, which he determines to be practicable, and section 401(b) of that Act provides that the rates of duty in column numbered 1 of the tariff schedules that are modified pursuant to such proclamation shall be treated as having been proclaimed by the President as being required to carry out a foreign trade agreement to which the United States is a party (79 Stat. 1016); and

WHEREAS I determine that the earliest date, after January 17, 1965, as of which it is practicable to give retroactive effect to this proclamation is January 18, 1965:

NOW, THEREFORE, I, LYNDON B. JOHNSON, under the authority vested in me by the Constitution and the statutes, particularly sections 201(a) and 203 of the Automotive Products Trade Act of 1965, do proclaim (1) that the modifications of the Tariff Schedules of the United States provided for in sections 403 and 404 of that Act shall enter into force on the day following the date of this proclamation, and (2) that the modifications of the tariff schedules provided for in section 405 of that Act shall enter into force on December 20, 1965, effective with respect to articles which are or have been entered for consumption, or for warehouse, on or after January 18, 1965.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this twenty-first day of October in the year of our Lord nineteen hundred and sixty-five, and of the Independence of [SEAL] the United States of America the one hundred and ninetieth.

LYNDON B. JOHNSON

By the President:
DEAN RUSK,
Secretary of State.

APPENDIX L

United States Bona Fide Motor Vehicle Manufacturers as
of June 1, 1975

Adams International Truck Co., Inc.
P. O. Box 1556
Thomasville, Georgia 31792
January 18, 1975

Allentown Brake & Wheel Service, Inc.
R.D. #3 - P.O. Box 2088
Allentown, Pennsylvania 18001
October 19, 1974

AM General Corporation
32500 Van Born Road
Wayne, Michigan 48184
April 1, 1975

American La France
Division America La France, Inc.
100 East La France Street
Elmira, New York 14902
July 8, 1974

American Motors Corporation
14250 Plymouth Road
Detroit, Michigan 48232
January 18, 1975

American Trailers, Inc.
1500 Exchange Avenue
Oklahoma City, Oklahoma 73126
January 18, 1975

American Trailer Service, Inc.
2814 North Cleveland Avenue
St. Paul, Minnesota 55113
January 18, 1975

Amthor's Welding Service, Inc.
307 State, Route 52 East
Walden, New York 12586
July 9, 1974

Harold G. Anderson Equipment Corp.
One Anderson Drive
Albany, New York 12055
October 4, 1974

Antietam Equipment Corporation
P. O. Box 91
Hagerstown, Maryland 21740
January 1, 1975

ARBE Products, Inc.
225 South Street
Rochester, Michigan 48063
September 15, 1974

Arctic Enterprises, Inc.
P. O. Box 635
Thief River Falls, Minnesota 56701
August 1, 1974

Arrow Trailer & Equipment Company
140 North Dirksen Parkway
Springfield, Illinois 62702
April 1, 1975

ATV Manufacturing Company
55th St. & A.V.R.R.
Pittsburgh, Pennsylvania 15201
October 1, 1974

Automotive Service Company
111-113 North Waterloo
Jackson, Michigan 49204
January 18, 1975

Avanti Motor Corporation
765 South Lafayette Blvd.
P. O. Box 1916
South Bend, Indiana 46634
January 10, 1975

Bethlehem Fabricators, Inc.
1700 Riverside Drive
Bethlehem, Pennsylvania 18016
January 20, 1975

Allan U. Bevier, Inc.
Sexton Street & Georgetown Road
Baltimore, Maryland 21230
October 10, 1974

Adam Black & Sons, Inc.
276-300 Tonnele Avenue
Jersey City, New Jersey 07306
January 18, 1975

Blue Bird Body Company
P. O. Box 937
Fort Valley, Georgia 31030
January 18, 1975

Boyertown Auto Body Works, Inc.
Third and Walnut Streets
Boyertown, Pennsylvania 19512
September 1, 1974

Brake & Equipment Co., Inc.
1801 North Mayfair Road
Milwaukee, Wisconsin 53226
January 1, 1975

Brake Service & Parts, Inc.
170 Washington Street
Bangor, Maine 04401
January 18, 1975

Bristol-Donald Company, Inc.
Bristol-Donald Manufacturing Corp.
50 Roanoke Avenue
Newark, New Jersey 07105
January 1, 1975

Capital Trailer and Body Company
3420 East Broadway
No. Little Rock, Arkansas 72117
April 15, 1975

The Carnegie Body Company
9500 Brookpark Road
Cleveland, Ohio 44129
January 1, 1975

Carpenter Body Works, Inc.
Highway 37
Mitchell, Indiana 47446
January 1, 1975

Champion Carriers, Inc.
2321 E. Pioneer Drive
Irving, Texas 75061
October 20, 1974

Checker Motors Corporation
2016 W. Pitcher Street
Kalamazoo, Michigan 49007
January 1, 1975

Cherry Valley Tank Div., Inc.
75 Cantiague Road
Westburg, New York 11590
April 9, 1975

Chrysler Corporation
Chrysler Center
12000 Oakland Avenue
Highland Park, Michigan 48231
January 18, 1975

B.M. Clark Company, Inc. &
Subsidiary
Route 17 - Box 185
Union, Maine 04862
January 14, 1974

Fred Clemett & Company, Inc.
2020 Lemoyne Street
P. O. Box 26
Syracuse, New York 13211
July 1, 1974

Collins Industries, Inc.
Hutchinson Air Base Industrial Tract
P. O. Box 58
Hutchinson, Kansas 67501
November 1, 1974

Comet Corporation
N. 3808 Sullivan Road
Spokane, Washington 99216
January 18, 1975

Commercial Truck & Trailer, Inc.
313 North State Street
Girard, Ohio 44420
January 1, 1975

Cook Body Company
3701 Harlee Avenue
Charlotte, North Carolina 28208
October 22, 1974

Correct Manufacturing Corporation
London Road Extension
P. O. Box 689
Delaware, Ohio 43015
July 1, 1974

Crane Carrier Company
1925 N. Sheridan Street
Tulsa, Oklahoma 74151
September 19, 1974

Crenshaw Corporation
1700 Commerce Road
P. O. Box 4217
Richmond, Virginia 23224
July 1, 1974

L-3

Cross Truck Equipment Co., Inc.
1801 Perry Drive, S.W.
Canton, Ohio 44706
August 23, 1974

Crown Coach Corporation
2500 East 12th Street
Los Angeles, California 90021
March 20, 1975

Daleiden Auto Body & Mfg. Corp.
425 E. Vine Street
Kalamazoo, Michigan 49001
January 12, 1975

Dealers Truck Equipment Co., Inc.
2460 Midway Street
P. O. Box 1435 MCA
Shreveport, Louisiana 71130
January 1, 1975

Dealers Truckstell Sales, Inc.
653 Beale Street
P. O. Box 502
Memphis, Tennessee 38101
January 1, 1975

Chet Decker Auto Sales
300 Lincoln Avenue
Hawthorne, New Jersey 07506
November 3, 1974

John Deere Horicon Works
of Deere & Company
Horicon, Wisconsin 53032
June 1, 1975

Diamond Reo Trucks, Inc.
1331 South Washington Avenue
Lansing, Michigan 48920
October 26, 1974

Eastern Tank Corporation
290 Pennsylvania Avenue
Paterson, New Jersey 07503
January 1, 1975

Eight Point Trailer Corporation
6100 E. Washington Blvd.
Los Angeles, California 90040
January 18, 1975

Elder International, Inc.
5875 North Loop
P. O. Box 2061
Houston, Texas 77001
December 1, 1974

Equipment Service, Inc.
40 Airport Road
Hartford, Connecticut 06114
April 1, 1975

E. & R. Trailer Sales, Inc.
R.R. #1
Middle Point, Ohio 45863
December 1, 1974

John Evens Manufacturing Co., Inc.
P. O. Box 669
Sumter, South Carolina 29150
January 1, 1975

Ewell Equipment Company, Inc.
307 N. Timberland Drive
Lufkin, Texas 75901
February 1, 1975

Fifth Wheel, Inc.
Box 15706
Tulsa, Oklahoma 74115
January 1, 1975

Fleet Equipment Company
10605 Harry Hines
P. O. Box 20578
Dallas, Texas 75220
December 1, 1974

The Flexible Company
326 - 332 N. Water Street
Loundonville, Ohio 44842
January 1, 1975

Ford Motor Company
The American Road
Dearborn, Michigan 48121
January 18, 1975

Fox Corporation
1111 W. Racine Street
Janesville, Wisconsin 53545
January 18, 1975

F & P Export Sales Corporation
F & P Truck & Trailer Equipment Div.
254-266 Central Avenue
Newark, New Jersey 07103
October 12, 1974

Freightliner Corporation
2525 S. W. Third Avenue
Portland, Oregon 97201
December 14, 1974

L-4

Fruehauf Corporation
10900 Harper Avenue
Detroit, Michigan 48232
December 1, 1974

FWD Corporation
105 East 12th Street
Clintonville, Wisconsin 54929
January 1, 1975

Gallagher's Tank & Equipment, Inc.
317 West Service Road
Hartford, Connecticut 06120
June 1, 1975

Peter Garafano & Son, Inc.
264 Wabash Avenue
Paterson, New Jersey 07503
June 4, 1974

General Motors Corporation
3044 West Grand Blvd.
Detroit, Michigan 48202
January 19, 1975

General Trailer Company, Inc.
546 W. Wilkins Street
Indianapolis, Indiana 46225
January 27, 1975

The Gertsenslager Company
1425 East Bowman Street
Wooster, Ohio 44691
July 1, 1974

Gidley-Eschenheimer Corporation
858 Providence Highway
Dedham, Massachusetts 02026
July 15, 1974

Gillig Brothers
25800 Clawiter Road
Hayward, California 94543
January 1, 1975

Gilson Brothers Company
P. O. Box 152
Plymouth, Wisconsin 53073
September 26, 1974

Gooch Brake and Equipment Company
531 Grand Avenue
Kansas City, Missouri 64106
January 11, 1975

The Greyhound Corporation
Greyhound Tower
Phoenix, Arizona 85077
(doing business as)
Motor Coach Industries, Inc.
Pembina, North Dakota 58271
& Transportation Manufacturing Corp.
Roswell, New Mexico 88201
August 1, 1974

Hackney Bros. Body Company
P. O. Box 920
Wilson, North Carolina 27893
January 1, 1975

Harley-Davidson Motor Co., Inc.
3700 West Juneau Avenue
Milwaukee, Wisconsin 53201
April 1, 1975

Harris Rim & Wheel, Inc.
535 Murfreesboro Road
Nashville, Tennessee 37202
January 1, 1975

Heil Equipment Company of
Philadelphia, Inc.
1223 Ridge Pike
Conshocken, Pennsylvania 19428
January 1, 1975

Henrickson Manufacturing Company
8001 West 47th Street
Lyons, Illinois 60534
January 1, 1975

Herter's, Inc.
Route 1
Waseca, Minnesota 56093
May 15, 1975

The Hess & Eisenhardt Company
8959 Blue Ash Road
Cincinnati, Ohio 45242
January 9, 1975

Hews Body Company
190 Rumery Street
South Portland, Maine 04106
January 18, 1975

H. & H. Truck Tank Company, Inc.
745 Tonnele Avenue
Jersey City, New Jersey 07307
September 1, 1974

L-5

Highway Products, Inc.
789 Stow Street
Kent, Ohio 44240
March 27, 1975

Hobbs Equipment Company, Inc.
Keeler Avenue
Norwalk, Connecticut 06856
August 9, 1974

H.M. Howe Co. of New England, Inc.
93 Bucklin Street
Providence, Rhode Island 02907
December 12, 1974

O. G. Hughes & Sons, Inc.
4816 Rutledge Pike
Box 6277
Knowville, Tennessee 37914
January 1, 1975

International Harvester Company
401 North Michigan Avenue
Chicago, Illinois 60611
January 18, 1975

Iroquois Manufacturing Co., Inc.
Richmond Road
Hinesburg, Vermont 05461
July 1, 1974

Jamie E. Jacobs, Owner
New England Oil Burner Company
Vermont Chemicals
Bobcat Mfg. Company, Inc.
Colchester, Vermont 05446
and
Bobcat Mfg. Company, Inc.
P. O. Box 191
Johnston, Rhode Island 02910
January 8, 1975

Jeep Corporation
14250 Plymouth Road
Detroit, Michigan 48232
January 1, 1975

Kar-Go Manufacturing Center
of Michigan, Inc.
25701 Seeley Road
P. O. Box 324
Novi, Michigan 48050
November 1, 1974

Kay Wheel Sales Company
Van Kirk Street at State Road
Philadelphia, Pennsylvania 19135
January 1, 1975

Kelsey Hayes Company
Fabco Division
2249 Davis Court
Hayward, California 94545
September 1, 1974

L. W. Ledwell & Son, Inc.
P. O. Box 1106
Texarkana, Texas 75501
January 18, 1975

Leland Equipment Company
7777 E. 42nd Place South
Box 45128
Tulsa, Oklahoma 74145
January 18, 1975

Long Trailer Service, Inc.
P. O. Box 5105
102 Henerson Drive
Greenville, South Carolina 29606
January 1, 1975

Mack Trucks, Inc.
Box M
Allentown, Pennsylvania 18105
January 18, 1975

Madison Truck Equipment, Inc.
2410 S. Stoughton Road
Madison, Wisconsin 53716
October 22, 1974

Manning Equipment, Inc.
12000 Westport Road
P. O. Box 22266
Louisville, Kentucky 40222
April 16, 1975

Marmon Motor Company
Sub TIC Industries
P. O. Box 5175
Dallas, Texas 75222
January 1, 1975

Massey-Ferguson, Inc.
1901 Bell Avenue
Des Moines, Iowa 50315
and

Badger Northland Inc., a subsidiary
of Massey-Ferguson Inc.
215 West Second Street
Kaukauna, Wisconsin 54130
July 1, 1974

Maxon Industries, Inc.
1960 E. Slauson Avenue
Huntington Park, California 90255
August 16, 1974

Mercury Marine, Div. of Brunswick
Corporation
1939 Pioneer Road
Fond du Lac, Wisconsin 54935
June 24, 1974

Merit Tank & Body, Inc.
707 Gilman Street
Berkeley, California 94710
January 18, 1975

Mickey Truck Bodies, Inc.
P. O. Box 2044
High Point, North Carolina 27261
June 30, 1974

Middlekauff, Inc.
1615 Ketcham Avenue
Toledo, Ohio 43608
January 18, 1975

Mid West Truck Equipment Sales Corp.
640 East Pershing Road
Decatur, Illinois 62526
February 22, 1975

Miller Trailers, Inc.
443 Chestnut Street
Oneonta, New York 13820
May 1, 1975

Moline Body Company
222 - 52nd Street
Moline, Illinois 61265
January 6, 1975

Monon Trailer
(a Div. of Evans Products Co.)
P. O. Box 655
Monon, Indiana 47959
April 8, 1975

Moore and Sons, Inc.
2900 Airways Blvd.
Memphis, Tennessee 38130
January 1, 1975

MTD Products, Inc.
5389 West 130th Street
P. O. Box 2741
Cleveland, Ohio 44111
September 15, 1974

Murphy Body Distributors, Inc.
310 Herring Avenue
Wilson, North Carolina 27893
November 22, 1974

Mutual Wheel Company
2345 - 4th Avenue
Moline, Illinois 61265
February 20, 1975

Nabors Trailers, Inc.
P. O. Box 979
Mansfield, Louisiana 71052
January 1, 1975

Neil's Automotive Service, Inc.
167 E. Kalamazoo Avenue
Kalamazoo, Michigan 49006
January 1, 1975

Nelson Manufacturing Company
Route 1, Box 90
Ottawa, Ohio 45875
January 18, 1975

Ohio Body Manufacturing Company
Main Street
New London, Ohio 44851
January 1, 1975

Ohio Truck Equipment Inc.
4100 Rev Drive
Cincinnati, Ohio 45232
January 1, 1975

Olson Bodies, Inc.
600 Old Country Road
Garden City, New York 11530
November 1, 1974

Olson Trailer & Body Builders Co.
2740 South Ashland Avenue
P. O. Box 2445
Green Bay, Wisconsin 54306
January 18, 1975

Oshkosh Truck Corporation
2307 Oregon Street
Oshkosh, Wisconsin 54901
January 18, 1975

Outboard Marine Corporation
100 Sea Horse Drive
Waukegan, Illinois 60085
January 1, 1975

PACCAR, Inc.
d/b/a Kenworth Truck Company
Peterbilt Motors Company
P. O. Box 1518
Bellevue, Washington 98009
January 18, 1975

Palmer Spring Company
355 Forest Avenue
Portland, Maine 04101
January 18, 1975

Palmer Spring Company
399 Willow Street
Manchester, New Hampshire 03103
November 4, 1974

Palmer Trailer Sales Co., Inc.
162 Park Street
Palmer, Massachusetts 01069
January 18, 1975

Peerless Division
Royal Industries, Inc.
18205 S.W. Boones Ferry Road
P. O. Box 447
Tualatin, Oregon 97062
January 8, 1975

Perfection Equipment Company
5100 West Reno
Oklahoma City, Oklahoma 73107
January 12, 1975

Petroleum Equipment & Supply
Co., Inc.
321 Forbes Avenue
New Haven, Connecticut 06512
September 27, 1974

Phoenix Manufacturing, Inc.
374 West Union Street
Nanticoke, Pennsylvania 18634
February 20, 1975

Polaris Div. of Textron, Inc.
1225 N. County Road 18
Minneapolis, Minnesota 55427
August 3, 1974

C. E. Pollard Company
13575 Auburn Avenue
Detroit, Michigan 48223
July 27, 1974

Power Brake Company, Inc.
1506 W. Morehead Street
Charlotte, North Carolina 28201
January 17, 1975

Power Brake Service & Equipment
Co., Inc.
1022 Carnegie Avenue
Cleveland, Ohio 44115
October 21, 1974

Providence Body Company
750 Wellington Avenue
Cranston, Rhode Island 02910
June 1, 1975

Quality Truck Equipment Company
Route 66 and Mercer Avenue
P. O. Box 420
Bloomington, Illinois 61701
November 15, 1974

Recreatives Limited
30 French Road
Buffalo, New York 14227
July 13, 1974

Reliable Spring Company, Inc.
10557 S. Michigan Avenue
Chicago, Illinois 60628
January 20, 1975

Roanoke Welding Company
P. O. Box 4373
Roanoke, Virginia 24015
January 1, 1975

RO Products, Inc.
550 East Highway 56
Olathe, Kansas 66061
December 1, 1974

Rowland Truck Equipment, Inc.
2900 Northwest 73rd Street
P. O. Box 47-398
Miami, Florida 33147
November 19, 1974

Rupp Industries, Inc.
1776 Airport Road
Mansfield, Ohio 44901
January 20, 1975

Ryder Truck Rental, Inc.
2770 Bluff Road
Indianapolis, Indiana 46225
January 1, 1975

Schien Body and Equipment Co., Inc.
North on University
Carlinville, Illinois 62626
January 18, 1975

Bob Schmidt Chevrolet, Inc.
P. O. Box 600
1425 Reynolds Road
Maumee, Ohio 43537
May 1, 1975

Schweigers, Inc.
South Highway 81
Watertown, South Dakota 57201
January 18, 1975

Scientific Brake & Equipment Co.
314 W. Genesee Avenue
Saginaw, Michigan 48602
January 19, 1975

Scorpion, Inc.
Box 300
Crosby, Minnesota 56441
April 29, 1975

Sharpsville Steel Equipment Co.
6th & Main Street
Sharpsville, Pennsylvania 16150
January 2, 1975

SMI (Watertown), Inc.
Purdy Avenue
Watertown, New York 13601
August 1, 1974

Smith-Moore Body Company, Inc.
P. O. Box 27287
Richmond, Virginia 23261
January 18, 1975

South Florida Engineering, Inc.
P. O. Box 11927
5911 E. Buffalo Avenue
Tampa, Florida 33610
July 2, 1974

Southwest Truck Body Company
200 Sidney Street
St. Louis, Missouri 63104
February 11, 1975

Spurgeon Design
Route 1, Box 204
Dassel, Minnesota 55325
April 18, 1975

SS Automobiles, Inc.
1735 South 106th Street
Milwaukee, Wisconsin 53215
May 22, 1975

Steffen, Inc.
623 West 7th Street
Sioux City, Iowa 51103
November 4, 1974

Superior Lima Division
Sheller-Globe Corporation
1200 East Kibby Street
Lima, Ohio 45802
March 20, 1975

Syracuse Auto Parts, Inc.
120 N. Geddes Street
Syracuse, New York 13204
January 18, 1975

Thiokol Corporation
Logan Division
2503 North Main Street
Logan, Utah 84321
January 15, 1975

Thomas Built Buses, Inc.
1408 Courtesy Road
P. O. Box 1849
High Point, North Carolina 27261
August 1, 1974

Transport Equipment Company
3400 - 6th Avenue, South
Seattle, Washington 98134
January 18, 1975

Truck Equipment Company, Inc.
1911 S. Washington Street
Peoria, Illinois 61602
January 18, 1975

L-9

Truck Equipment, Inc.
680 Potts Avenue
Green Bay, Wisconsin 54304
January 18, 1975

E.M. Trucks, Inc.
3101 W. Superior Street
Duluth, Minnesota 55806
November 22, 1974

Truck Parts & Equipment, Inc.
4501 West Esthner
Wichita, Kansas 67209
November 11, 1974

Truck & Transportation
Equipment Co., Inc.
260 Industrial Avenue
P. O. Box 10455
Jefferson, Louisiana 70181
January 1, 1975

Tuff Boy, Inc.
5151 E. Almondwood Drive
Manteca, California 95336
January 1, 1975

Union City Body Company, Inc.
1015 West Pearl Street
Union City, Indiana 47390
August 15, 1974

Unit Rig & Equipment Company
P. O. Box 3107
Tulsa, Oklahoma 74101
January 1, 1975

Vulcan Trailer Mfg. Company
1321 - 3rd Street, Ensley
Birmingham, Alabama 35214
December 1, 1974

Walter Motor Truck Company
Voorheesville, New York 12186
April 29, 1975

The Warner & Swasey Company
Duplex Division
830 East Hazel Street
Lansing, Michigan 48909
April 1, 1975

Wayne Corporation
an Indian Head Company
P. O. Box 1447
Industries Road
Richmond, Indiana 47374
October 31, 1974

Westinghouse Air Brake Company
Construction & Mining Equip. Group
2301 N.E. Adams Street
Peoria, Illinois 61639
February 1, 1975

Weston Equipment Company, Inc.
130 Railroad Hill Street
Waterbury, Connecticut 06708
January 3, 1975

White Motor Corporation
100 Erieview Plaza
Cleveland, Ohio 44114
January 18, 1975

White Trucks & Equipment Sales, Inc.
2401 Dinneen Avenue
P. O. Box 7185
Orlando, Florida 32804
December 1, 1974

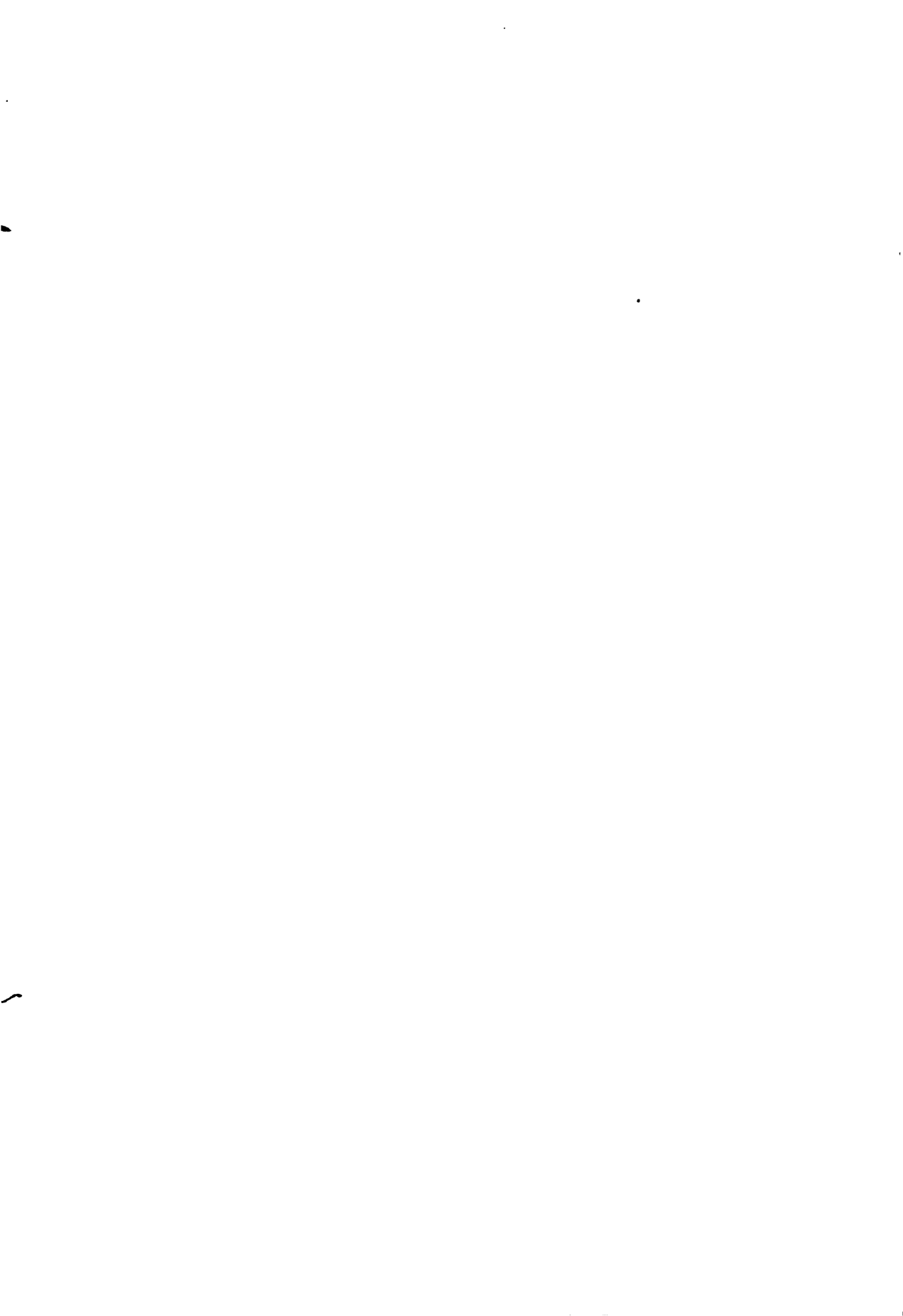
Winnebago Industries, Inc.
P. O. Box 152
Jct. Highways 9 & 69
Forest City, Iowa 50436
March 19, 1975

Wollard Aircraft Equipment, Inc.
6950 N. W. 77th Court
Miami, Florida 33166
December 1, 1974

Wyman's Inc.
Northfield Road
Box 541
Montpelier, Vermont 05602
June 1, 1975

Young Ottawa, Inc.
Gulf & Western Manufacturing Co.
1175 North Main Street
Bowling Green, Ohio 43402
January 1, 1975

Young Ottawa, Inc.
A Gulf & Western Manufacturing Co.
1313 North Hickory Street
Ottawa, Kansas 66067
January 1, 1975



APPENDIX M

**COMPANIES LISTED BY THE CANADIAN GOVERNMENT AS MOTOR VEHICLE
MANUFACTURERS as of April 14, 1975**

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Almac Metalcraft Inc., Ville D'Anjou, P.Q.	Specified Commercial Vehicles
Amalgamated Metal Industries Ltd., Toronto, Ont.	Specified Commercial Vehicles
Atlas Hoist & Body Incorporated, Montreal, P.Q.	Specified Commercial Vehicles
Belgium Standard Industries, (Ontario) Ltd., Waterloo, Ontario	Specified Commercial Vehicles
B.K.&B. Truck Bodies Limited, London, Ont.	Specified Commercial Vehicles
Babcock J.H. & Sons Limited, Odessa, Ont.	Specified Commercial Vehicles
Brown H.E. Supply Co., Ltd., North Bay, Ont.	Specified Commercial Vehicles
Canadian Blue Bird Coach Ltd., Brantford, Ont.	Buses
Canadian Trailmobile Limited, Brantford, Ont.	Specified Commercial Vehicles
Chrysler Canada Ltd., Windsor, Ont.	Automobiles, Buses and Specified Commercial Vehicles
J.H. Corbeil Limited, St. Lin, Quebec.	Buses
Diesel Equipment Limited, Toronto, Ont.	Specified Commercial Vehicles
Eastern Steel Products Company, Preston, Ont.	Specified Commercial Vehicles
Edmonton Truck Body Ltd., Edmonton, Alta.	Specified Commercial Vehicles
EGW Limited, Chambly, P.Q.	Specified Commercial Vehicles

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Fleet Truck Bodies Inc., Montreal, P.Q.	Specified Commercial Vehicles
Flyer Industries Ltd., Winnipeg, Man.	Specified Commercial Vehicles
Fort Garry Automotive Industries, Winnipeg, Man.	Specified Commercial Vehicles
Ford Motor Company of Canada, Ltd., Oakville, Ont.	Automobiles, Buses and Specified Commercial Vehicles
Freightliner of Canada Ltd., Burnaby, B.A.	Specified Commercial Vehicles
G & G Welding Ltd., Ville St. Leonard, P.Q.	Specified Commercial Vehicles
General Motors of Canada, Ltd., Oshawa, Ont.	Automobiles, Buses and Specified Commercial Vehicles
Hutchinson Industries, Lownsvew, Ont.	Specified Commercial Vehicles
Ideal Body Ltd., Quebec, P.Q.	Specified Commercial Vehicles
International Harvester Co. of Canada, Limited, Hamilton, Ont.	Buses and Specified Commercial Vehicles
Jauvin Truck Bodies Limited, Ottawa, Ont.	Specified Commercial Vehicles
Lacasse, V. Ltee., Montreal, P.Q.	Specified Commercial Vehicles
Latrochelle, Phil Equipment Inc., Quebec, P.Q.	Specified Commercial Vehicles
Mond Industries Limited, Toronto, Ont.	Specified Commercial Vehicles
Multi-Vans Limited, Woodbridge, Ont.	Specified Commercial Vehicles
Olsen, W.H. Manufacturing Co.,Ltd., Tilbury, Ont.	Specified Commercial Vehicles
Prevost Car Inc., Ste. Claire, (Dorchester Co.) P.Q.	Buses

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Reliance Truck & Equipment Ltd., Vancouver, B.C.	Specified Commercial Vehicles
Sicard Inc., Montreal, P.Q.	Specified Commercial Vehicles
Smith Bros. Motor Bodies Ltd., Don Mills, Ont.	Specified Commercial Vehicles
Swartz Motor Bodies Ltd., Toronto, Ont.	Specified Commercial Vehicles
Thomas Built Buses of Canada Ltd., Woodstock, Ont.	Buses
Universal Sales Limited, Saint John, N.B.	Specified Commercial Vehicles
Volvo (Canada) Ltd., Toronto, Ont.	Automobiles
Welles Corporation Ltd., Windsor, Ont.	Buses
Wilson's Truck Body Shop Ltd., Truro, N.S.	Specified Commercial Vehicles

**PERSONS DESIGNATED UNDER PARAGRAPH 2(3) OF THE
MOTOR VEHICLES TARIFF ORDER OF 1965**

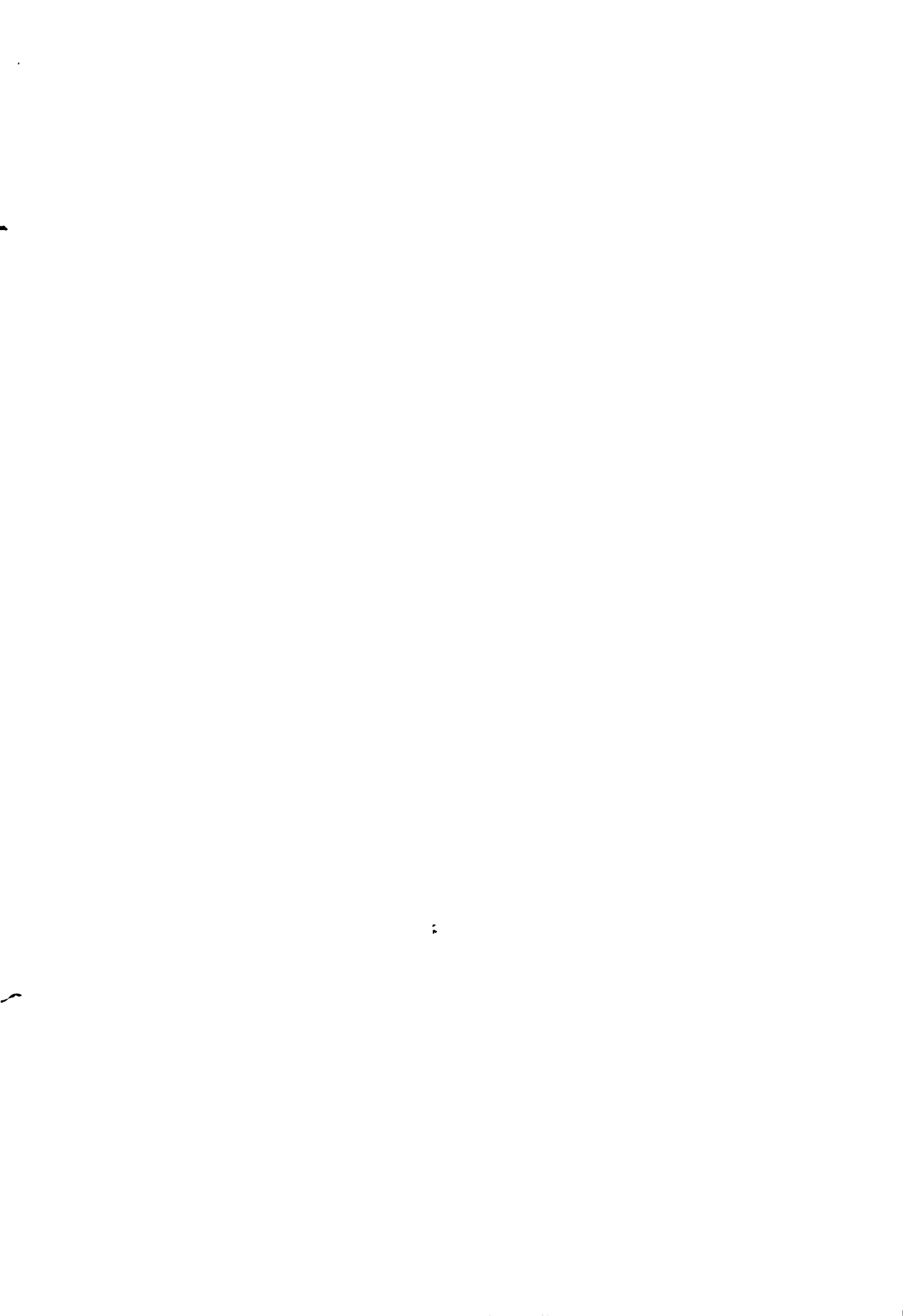
<u>Name and Location</u>	<u>Designated by:</u>
Atlantic Truck Manufacturing Ltd., Saint John, N.B.	Universal Sales Limited, Saint John, N.B.
Breadner Trailer Sales, Kitchener, Ont.	Canadian Trailmobile Limited, Brantford, Ont.
Canadian Blue Bird International, Inc. Brantford, Ont.	Canadian Blue Bird Coach Ltd., Brantford, Ontario
Canadian Kenworth Limited, Burnaby, B.C.	Sicard Inc., Montreal, P.Q.
Chrysler Truck Centre Ltd., Rexdale, Ont.	Chrysler Canada Ltd., Windsor, Ont.
Chrysler Truck Centre Ltd., Hamilton, Ont.	Chrysler Canada Ltd., Windsor, Ont.
Chrysler Truck Centre Ltd., Dorval, P.Q.	Chrysler Canada Ltd., Windsor, Ont.
Chrysler Truck Centre Ltd., Winnipeg, Man.	Chrysler Canada Ltd., Windsor, Ont.
Hayes Truck Limited, Vancouver, B.C.	Sicard Inc., Montreal, P.Q.
S M I Industries Montreal, Quebec.	Sincard Inc. Montreal, Quebec.
White Motor Corporation of Canada Ltd., Toronto, Ont.	Freightliner of Canada Limited, Burnaby, B.C.

COMPANIES OPERATING UNDER SPECIAL ORDERS-IN-COUNCIL

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Alforge Metals Corporation Ltd., Orangeville, Ontario.	Specified Commercial Vehicles
American Motors (Canada) Ltd., Brampton, Ontario.	Automobiles
Canadian Motor Industries Ltd., Scarborough, Ontario.	Automobiles
Consolidated Dynamics Limited, Buttonville, Ontario.	Specified Commercial Vehicles (crane carriers)
Crane Carrier Canada Ltd., Rexdale, Ontario.	Specified Commercial Vehicles (crane carriers)
International Harvester Co. of Canada Ltd., Hamilton, Ontario.	Automobiles (Travelalls) Specified Commercial Vehicles
Mack Trucks Canada Ltd., Toronto, Ontario.	Specified Commercial Vehicles
Motor Coach Industries Ltd., Winnipeg, Manitoba	Buses
Rubber Railway Co. Ltd., Preston, Ontario.	Specified Commercial Vehicles (carriers for concrete mixers)
Soma Inc., St. Bruno De Montarville, P.Q.	Automobiles
Teal Manufacturing Ltd., Windsor, Ontario.	Specified Commercial Vehicles
Truck Equipment & Service Co., Agincourt, Ontario.	Specified Commercial Vehicles
Universal Handling Equipment Co., Hamilton, Ontario.	Specified Commercial Vehicles
Champion Truck Bodies Ltd., Montreal, Que.	Specified Commercial Vehicles
Walter Motor Trucks of Canada Ltd., Almonte, Ontario.	Specified Commercial Vehicles

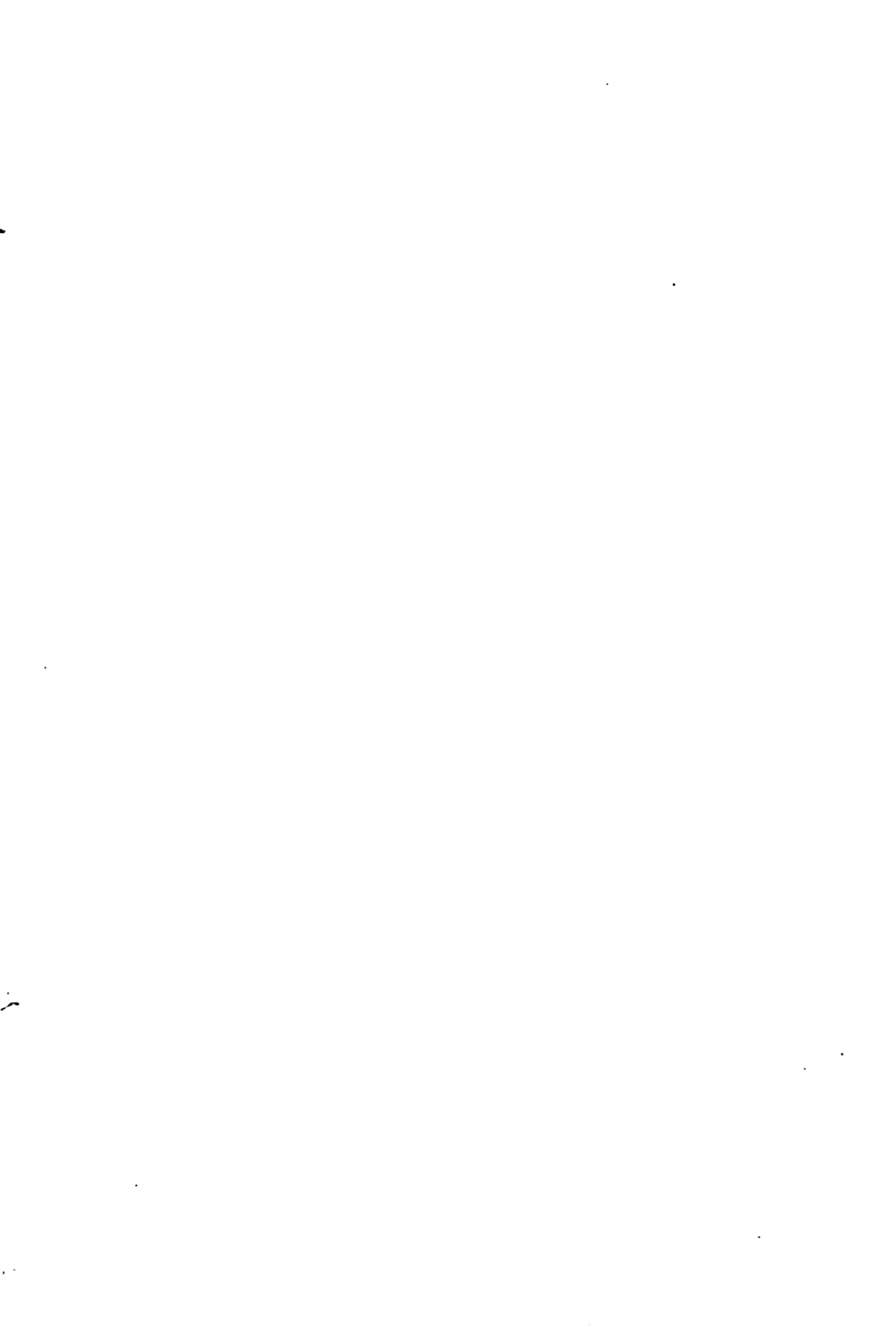
<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Westank Industries Ltd., Regina, Saskatchewan.	Specified Commercial Vehicles
Wheels, Brakes and Equipment Ltd., Hamilton, Ontario.	Specified Commercial Vehicles
Hal-Vey Industries Ltd., Calgary, Alberta	Specified Commercial Vehicles
Sheller-Globe Manitoba Limited Morris, Manitoba.	Specified Commercial Vehicles
Euclid-Canada (Division of White Motor Corp.) Guelph, Ontario.	Off Highway Vehicles
General Motors Diesel Division London, Ontario.	Off Highway Vehicles
Hayes Trucks Ltd., Vancouver, B.C.	Off Highway Vehicles
Pacific Truck & Trailer Ltd. (Designated by International Harvester) North Vancouver, B.C.	Off Highway Vehicles
Sicard Inc. Montreal, Quebec.	Off Highway Vehicles
Canadian Kenworth Ltd. (Designated by Sicard) Burnaby, B.C.	Off Highway Vehicles
Unit Rig & Equipment (Canada) Ltd. Niagara Falls, Ontario	Off Highway Vehicles
Vabco Equipment Canada Ltd. Paris, Ontario	Off Highway Vehicles

**Ninth Annual Report of the President to the Congress
on the Operation of the
Automotive Products Trade Act of 1965**



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I. Summary

During 1974 automotive production, retail sales and employment declined substantially in the United States but only slightly in Canada. Vehicle production in the United States dropped 21 percent while in Canada the decline was 3 percent. New investments by the major vehicle manufacturers increased 9 percent in the United States and 24 percent in Canada, to \$1842 and \$107 million respectively. While the price gap narrowed Canadian car prices remained above U.S. car prices. For the year the United States had 87 percent of the total U.S. and Canadian motor vehicle production and 90 percent of total motor vehicle sales. The 1974 US-Canada automotive trade balance was a \$1.2 billion US surplus, compared to a U.S. surplus of \$426 million during 1973.

II. Background

The United States and Canada negotiated the Automotive Agreement in 1964 to head off potential bilateral conflicts over Canada's efforts to improve the performance of its relatively inefficient automotive industry. The high-cost Canadian industry had been structured to serve a small domestic market behind a high tariff wall. The measures Canada proposed to take to encourage production, such as duty remissions to Canadian manufacturers, were creating a serious irritant in our economic relationship. Under those circumstances it seemed desirable for the two countries to agree on a mechanism that would allow Canada to develop a more rational and efficient automotive industry but would not adversely affect U.S. industry. The resulting Automotive Agreement,^{1/} which was signed by both sides on January 16, 1965, created the basis for an integrated automotive market by, in effect, removing duties on trade between the two countries in specified motor vehicles and original equipment automotive parts.

The Agreement sets forth three objectives: (1) the creation of a broader market for automotive products within which the full benefits of specialization and large-scale production can be achieved; (2) the liberalization of United States and Canadian automotive trade in respect to tariff

^{1/} Appendix A page 48

barriers and other factors tending to impede it, with a view to enabling the industries of both countries to participate on a fair and equitable basis in the expanding total market of the two countries; and (3) the development of conditions in which market forces may operate effectively to attain the most economic pattern of investment, production, and trade. It was agreed that it shall be the policy of each government to avoid actions which would frustrate the achievement of these objectives. The Agreement is of unlimited duration, but each government has the right to terminate it by giving 12 months' notice.

The Agreement, as implemented in the United States by the Automotive Products Trade Act of 1965,^{2/} and approved by Congress on October 21, 1965, resulted in the removal of U.S. duties on specified new and used Canadian motor vehicles and original equipment automotive parts. The President proclaimed the entry into force of the tariff modifications retroactive to January 18, 1965.^{3/} Since the United States removed its duty on automotive products only for Canada, it was necessary to obtain a waiver of its General Agreement on Tariffs and Trade (GATT) obligations concerning most-favored nation tariff treatment in order to put the Agreement into effect. The waiver was approved by the GATT in December, 1965.

Canada implemented its side of the Agreement somewhat differently, by according duty-free treatment to specified new motor vehicles and original equipment parts on an MFN

^{2/} Appendix B page 51

^{3/} Appendix C page 60

basis to all automotive manufacturers who had production facilities in Canada at the time the Agreement was negotiated. Therefore, Canada did not consider it necessary to obtain a GATT waiver for its Order-in-Council implementing duty-free treatment effective January 18, 1965.

In recognition of the need for a transitional period for the smaller, higher cost Canadian industry to adjust to the competitive pressures of the larger North American market, certain restrictive measures were set forth in Annex A to the Agreement: (1) Only bona fide Canadian vehicles manufacturers may import automotive products duty-free; and (2) in order to be considered "bona fide," manufacturers must meet certain minimum Canadian value-added and Canadian production-to-sales ratio requirements.

Since the duty-free import privilege in Canada is limited to vehicle manufacturers, individual Canadians who import motor vehicles from the United States must pay the Canadian duty of 15 percent ad valorem. In contrast, anyone in the United States may import a finished vehicle covered by the Agreement duty-free. This restriction on duty-free import privileges in Canada has contributed somewhat to the persistence of higher prices in Canada since it eliminates the competition dealers would otherwise experience from the opportunity for individual duty-free importation by private citizens.

In both countries, only bona fide manufacturers may import original equipment parts and accessories duty-free under the Agreement. In addition to the limitations set forth in Annex A, the Canadian Government was given by the motor vehicles manufacturers certain Letters of Undertaking to increase Canadian value-added. These letters expired on July 31, 1968.

III. Developments in 1974

Production in the Motor Vehicle Industry: United States and Canada. U.S. and Canadian motor vehicle production declined 19 percent in 1974 to a total of 11.6 million vehicles, compared to the 14.3 million vehicles produced in 1973. Production declined in both countries, but substantially more in the United States than in Canada. The decline was 21 percent in the United States and 3 percent in Canada. The U.S. share of total units produced was 86.8 percent, a decrease from 88.9 percent in 1973.

Motor vehicle production in the United States in 1974 included 7,324 thousand cars and 2,745 thousand trucks, a decline of 24 percent in auto production and 9 percent in truck production compared to 1973.^{4/} The 1974 production level was the lowest since 1970 when 8.3 million vehicles were produced.

Canadian auto production declined 5 percent to 1.16 million cars in 1974, compared to the record 1.23 million in 1973. In contrast to autos Canadian truck production rose 4 percent in 1974 to a record 362 thousand trucks.^{5/}

Retail Sales.^{6/} The United States had 90.2 percent of the total U.S.-Canadian retail market in 1974.

Retail sales of motor vehicles in the United States dropped 21 percent in 1974 to 11.6 million from the record 14.6 million vehicles sold in 1973. Auto sales dropped .

^{4/} Table 2 page 26

^{5/} Table 3 page 27

^{6/} Table 1 page 25

drastically, 22 percent, from 11.4 million cars in 1973 to 8.9 million in 1974. The decline in sales of North American type cars was 23 percent, slightly greater than the 20 percent drop in sales of cars imported from overseas. The retail sales of imported cars in 1974 were 1.4 million compared to 1.8 million sold the previous year.

Retail sales of trucks declined, but less than autos. United States truck sales in 1974 were 2.7 million units, a decline of 13 percent from the 3.1 million trucks sold in 1973. Retail sales of imported trucks were 171 thousand in 1974, a drop of 25 percent from 1973.

Total Canadian retail sales of motor vehicles rose 2 percent to 1,249 thousand in 1974 from 1,227 thousand in 1973. Retail sales of autos declined 3 percent to 943 thousand in 1974. Canadian sales of North American type cars rose 2 percent to 799 thousand, while sales of cars imported from overseas (excluding United States) fell 23 percent to 144 thousand in 1974. Cars imported from overseas took 15.3 percent of the total Canadian market in 1974, compared to 19.4 percent in 1973.

Canadian truck sales continued to rise and in 1974 were 370 thousand units, 20 percent above sales in 1973.

Expenditures by Automobile Manufacturers for Plants and Equipment. The major motor vehicle manufacturers invested \$1,949 million in new plant and equipment in the United States and Canada in 1974. Expenditures were \$1,842 million in the United States and \$107 million in Canada. Compared to 1973 these expenditures are an increase in investments of 9 percent in the United States and 24 percent in Canada.

Relative Prices of Automobiles. Automobile price comparisons in this section are based on factory list prices because the manufacturer suggested retail prices in the United States and Canada are not comparable, due to the existence of different excise taxes in each country, see tables 6, 7, and 8.7/ The U.S. and Canadian prices in each table are of identical, popular model cars with comparable standard equipment.

Factory list prices in Canada ranged from 5.2 to 11.9 percent higher than in the United States at the introduction of the 1975 models. The 1975 model year price differences were somewhat less than those for the 1974 models which ranged from 10.1 to 13.8 percent and considerably less than the 1965 price differences which were from 21.2 to 44.9 percent.

Changing U.S.-Canadian currency exchange rates can obscure changes in the price differential over time. Therefore, the tables showing the price differences for typical models 1965 to 1974 are prepared using the December 1974 exchange rate for all years.

7/ Table 6 page 30; Table 7 page 31; Table 8 page 32

In 1974 the U.S. average annual wholesale automotive passenger car index rose 6.7 percent; the truck index 11.3 percent; and the parts index 12.8 percent above the averages for 1973.^{8/} In contrast the 1973 indexes rose 1.5 percent or less above the 1972 levels. The 1974 consumer price index for new passenger cars rose 5.8 percent. The 1974 increases in various price indexes are larger than any other year since the beginning of the Agreement.

In reviewing these index changes it should be noted that the price increases of cars and trucks caused by Federal requirements for pollution control and safety equipment are treated as quality increases and are not reflected in the price indexes.

The Canadian average annual wholesale index for passenger cars rose 6 percent, the truck index rose 11 percent, the parts index rose 9 percent, and the consumer price index for autos rose 7 percent during 1974.^{9/}

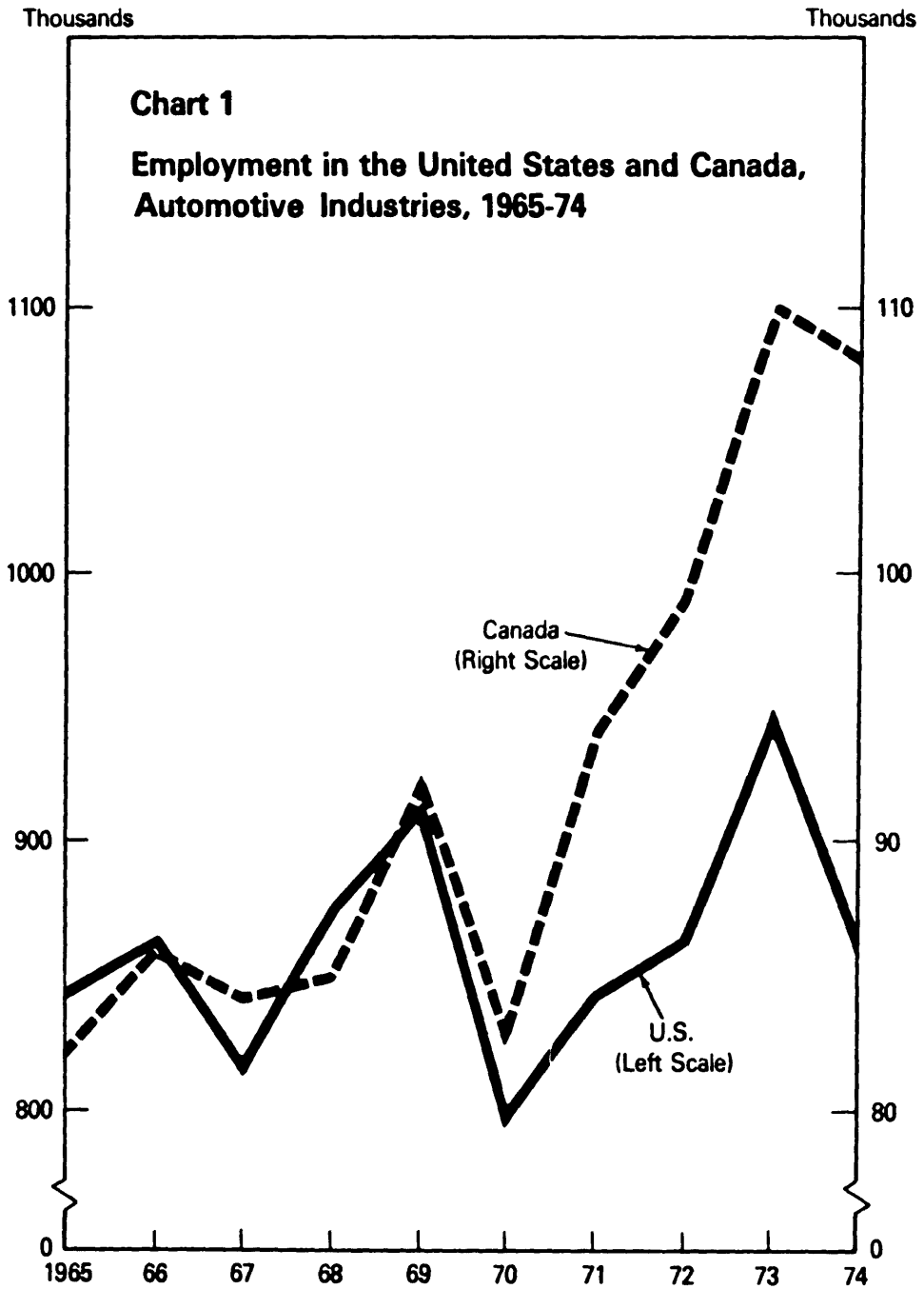
Canadian wholesale price indexes for automotive equipment have generally risen less than their U.S. counterparts, but in 1974 for the first time since 1967 the Canadian consumer price index for passenger cars rose more than the U.S. index.

Employment in the Automotive Industry. Average annual employment in the automotive industry fell more in the United States than in Canada during 1974.^{10/} The decline in employment

^{8/} Table 4 page 28

^{9/} Table 5 page 29

^{10/} Chart 1 page 10



Source: U.S. Department of Labor; Statistics Canada.

amounted to nearly 9 percent in the United States and 2 percent in Canada. These are the first declines in employment in the automotive manufacturing industry in either country since 1970 when strikes caused the annual averages to fall 13 percent in the United States and 9 percent in Canada. During 1974 in the United States the largest declines were in the vehicle assembly and passenger car body sections, while in Canada the parts and accessories section suffered the greatest drop. The employment figures in table 9 and 10^{11/} are annual averages, and employment in the latter part of 1974 was substantially lower as the auto companies curtailed production in response to sharply dropping sales.

^{11/} Table 9 page 33, Table 10 page 34

Trade in Motor Vehicles and Parts between the United States and Canada. Total United States-Canada automotive trade grew to \$12.3 billion in 1974 an increase 12 percent over the previous year. The trade table on page 13 gives U.S.-Canadian automotive trade for the years 1964 and 1968-74.

U.S. automotive exports to Canada increased 18 percent while imports rose only 5 percent, resulting in a U.S. automotive trade surplus with Canada of \$1.2 billion for 1974, nearly three times the 1973 surplus. See Chart 2 page 14.

Imports of automotive products from Canada were \$5,544 million in 1974 compared to \$5,301 billion in 1973. The increase was accounted for by cars, up \$323 million or 14 percent to \$2,595 million, and trucks up \$98 million or 12 percent to \$887 million, while parts imports declined by \$175 million or minus 8 percent to \$1,997 million. Car imports increased as Canadian factories produced compact models popular in the slumping U.S. market. Imports of parts declined as vehicle production in the United States dropped drastically and reduced the demand for components. See Chart 3 page 16.

As a percent of total imports in 1974, cars were 47 percent, trucks 16 percent and parts 36 percent. The percentage for cars and trucks increased somewhat from 1973 while the percentage for parts declined.

United States - Canada Trade Automotive Products, 1964, 1968-74
U. S. Imports - Canadian Imports

Millions of U. S. Dollars

	1964	1968	1969	1970	1971	1972	1973	1974 ^{1/}
U. S. exports ^{2/}								
Cars	34	748	732	631	985	1,075	1,439	1,657
Trucks	23	175	244	263	334	504	643	916
Parts	577	1,684	2,134	2,019	2,448	2,866	3,552	3,980
Sub total	634	2,607	3,110	2,913	3,767	4,445	5,634	6,554
Tires and tubes	6	27	34	23	36	51	92	223
Total exports	640	2,634	3,144	2,936	3,803	4,496	5,726	6,777
U. S. imports								
Cars	18	1,114	1,537	1,474	1,924	2,065	2,272	2,595
Trucks	4	369	560	564	587	713	789	887
Parts	49	783	959	1,080	1,481	1,795	2,172	1,997
Sub total	71	2,266	3,056	3,118	3,992	4,573	5,233	5,479
Tires and tubes	5	8	5	14	8	22	68	65
Total imports	76	2,274	3,061	3,132	4,000	4,595	5,301	5,544
Net balance	+563	+360	+83	-196	-197	-99	+426	+1,233
Memo entry								
Snowmobiles included in truck exports above	-	-	6	12	22	33	30	33
Snowmobiles included in truck imports above	-	61	111	141	124	104	66	35

13

455

^{1/} Preliminary

^{2/} Canadian import data. Parts exports (Canadian imports) adjusted to exclude tooling charges in millions of U.S. dollars as follows: 1968-\$47; 1969-\$75; 1970-\$98; 1971-\$68; 1972-\$85; 1973-\$68, 1974-\$128.

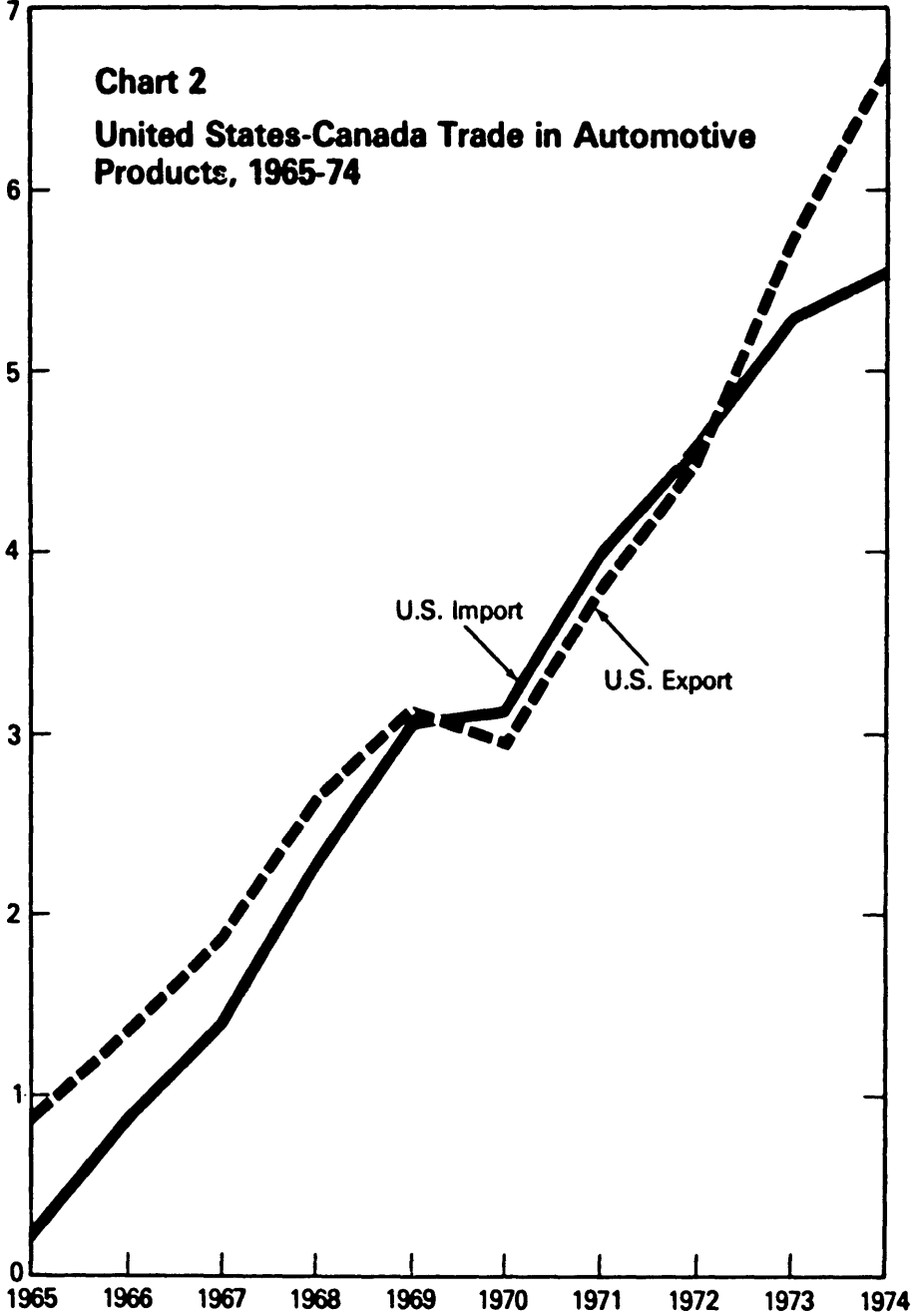
Note: Data exclude U.S.-Canadian trade in materials for use in the manufacture of automotive parts.

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.

Source: U. S. Department of Commerce

Billion Dollars



Source: U.S. Department of Commerce; Statistics Canada.

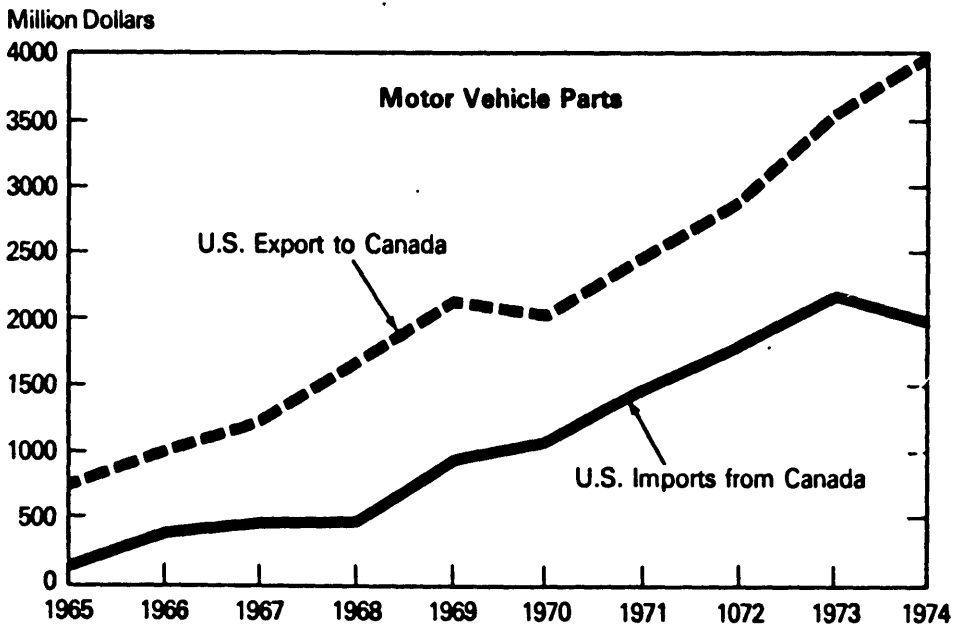
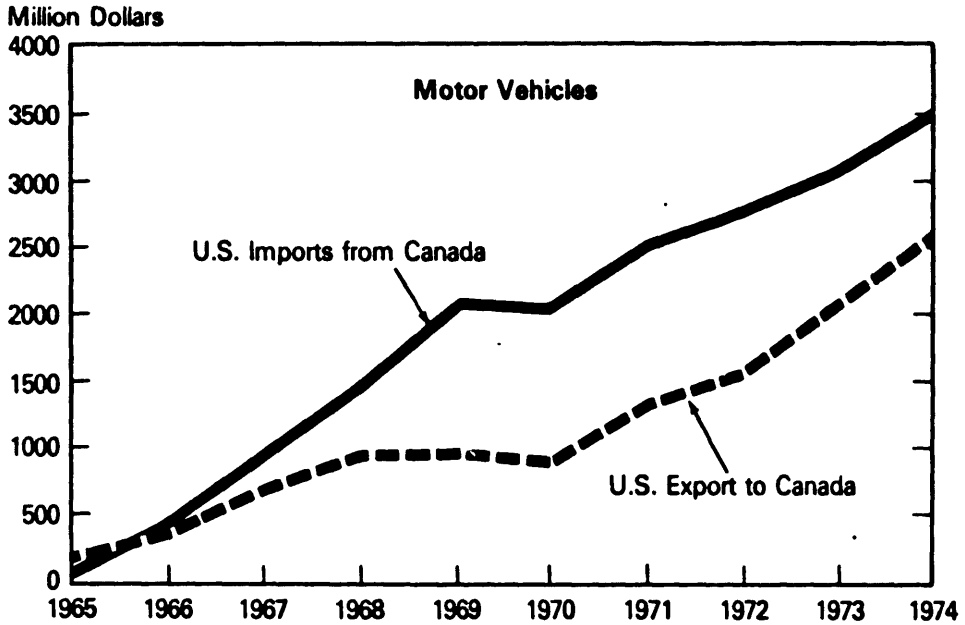
Exports of U.S. automotive products to Canada were \$6,777 million in 1974, an increase of \$1,051 over 1973. For 1974 exports of cars were \$1,657 million up \$218 million or 15 percent; exports of trucks were \$916 million up \$273 million or 42 percent and parts exports were 3,950 up \$398 million or 12 percent. The strong Canadian market, especially for trucks, produced the continuing rise in exports. See Chart 3, page 16.

As a percent of total exports in 1974 cars remained at 24 percent, trucks increased to 14 percent, parts declined to 59 percent and tires and tubes were 3 percent.

Trade in snowmobiles has declined since 1970 when total snowmobile trade was \$153 million, with a U.S. snowmobile deficit of \$129 million. In 1974 total United States-Canada snowmobile trade was \$67 million with a U.S. snowmobile deficit of \$3 million.

Automotive Trade Statistics. A series of consultations in 1970 between government statistical experts from both the United States and Canada led to agreement that a cooperative effort was necessary to prepare a complete accounting of trade under the Automotive Agreement. Neither U.S. nor Canadian export statistics are sufficiently detailed to reflect accurately all trade covered by the Agreement, particularly in components that are not necessarily automotive in nature (e.g., pipe fittings, engine parts, fabric for seat covers, etc.). In addition, a joint U.S.-Canada committee studying overall trade statistics found that a substantial

Chart 3
Trade in Automotive Products, U.S. and Canada, 1965-74



Source: U.S. Department of Commerce; Statistics Canada.

amount of automotive exports are never reported in the first place, due to slippages in submission and collection of documentation. ^{12/} Therefore, agreement was reached by both countries to use their own import statistics (in which all products eligible for duty-free treatment are broken out separately) to report imports and the other country's import statistics to report exports.

The table on page 13 was prepared using the method described in the previous paragraph and represents the most accurate way of measuring trade under the Automotive Agreement.

U.S. imports for 1974 in the table page 13 were compiled using f.a.s. import values as now published by the Bureau of the Census. The f.a.s. values represent the transaction value of imports at the foreign port of exportation. The U.S. f.a.s. values are comparable to the Canadian automotive import figures which are compiled using actual transaction values. Prior to 1974 the U.S. transaction values for imports were calculated for unpublished data collected by the Bureau of the Census. The f.a.s. values are not comparable to the frequently used customs value basis import statistics, in which imports are valued (for duty) at prices constructed by the Bureau of Customs for duty purposes.

12/ The study, titled The Reconciliation of U.S. Canada Trade Statistics 1970, a Report by the U.S.-Canada Trade Statistics Committee, was published jointly by the U.S. Department of Commerce, Bureau of the Census, and Statistics Canada.

United States Automotive Trade with Countries Other Than

Canada. The automotive trade statistics used in the tables covering automotive trade with countries other than Canada are based entirely on Bureau of Census statistics. Consequently, the figures from tables 12, 13, 14^{13/} used in this section are not comparable with data given on United States-Canada trade in automotive products in the table on page 13.

Imports in 1974 of automotive products from countries other than Canada were 51 percent of all automotive imports including Canada, up from 46 percent in 1973. Exports of automotive products to countries other than Canada were 31 percent of all automotive exports in 1974 compared to 28 percent in 1973.

Imports of automotive products from countries other than Canada rose 25 percent in value in 1974 compared to 1973, but this increase was due to higher prices as the number of cars, sold which were imported from overseas, in 1974 was down from 1973. Automotive imports excluding Canada were \$6.1 billion in 1974 and \$4.8 billion in 1973. Japan was the largest source supplying automotive products valued at \$2.5 billion, while West Germany supplied \$2.2 billion worth and lost its 1973 position as our largest overseas automotive supplier. Increased imports of cars constituted 73 percent of the growth in imports, trucks accounted for 21 percent of the growth and parts only 6 percent.

13/ Table 12 page 41 ; Table 13 page 42 ; Table 14 page 43

Exports of automotive products to countries other than Canada rose 49 percent over 1973 to \$2.7 billion in 1974. The increase in 1974 followed an increase of 33 percent of automotive exports in 1973 as compared to 1972. Half of the 1974 rise was in exports of parts and the remainder in both cars and trucks. The largest export markets remain Mexico, the European Common Market, and Venezuela.

As a percent of total foreign trade in 1974, automotive products amounted to 6 percent of our total exports of \$98,506 million and to 11 percent of our \$100,972 million of imports from all countries.^{14/}

Canadian Automotive Trade With Countries Other Than the United States. Canadian exports of automotive products to countries other than the United States were \$280 million or 4 percent of Canada's automotive total production in 1974.^{15/} Exports of cars were \$76 million, trucks \$89 million and parts \$115 million. Vehicles accounted for 60 percent of the 1974 exports, compared to 56 percent in 1973. South Africa, which took \$23 million worth of exports, was Canada's largest export market except for the United States.^{16/}

Canadian automotive imports from countries other than the United States declined from 1972 to 1973, but rose 24 percent in 1974.^{17/} Japan is the largest automotive supplier to Canada, except for the United States, and in 1974 supplied \$343 million or 49 percent of Canada's imports from overseas. West Germany is the next largest supplier with a 20 percent share of the Canadian import market.

^{14/} Table 15 page 44

^{16/} Table 16 page 45

^{15/} Table 18 page 47

^{17/} Table 17 page 46

Changes in the Agreement. No negotiations concerning the Agreement took place in 1974 between the governments of the United States and Canada. The Agreement continues to be a subject of discussions covering general economic issues but no formal proposals for change were considered by the two governments.

United States Adjustment Assistance. The Automotive Products Trade Act of 1965 provided special adjustment assistance procedures for individual firms or groups of workers dislocated primarily because of the operation of the Agreement. These provisions expired June 30, 1968. Prior to the expiration of these provisions, petitions for adjustment assistance were filed by 21 groups of workers. Certifications were issued in 14 cases and weekly allowance payments totaling about \$4.1 million were made to approximately 1,950 workers. No petitions were submitted by firms.

General Agreement on Tariffs and Trade (GATT) Waiver. Article 1 of the General Agreement on Tariffs and Trade (GATT) provides for the extension of unconditional most-favored-nation treatment with respect to customs duties levied on products imported from the GATT contracting parties. Under the Automotive Agreement certain automotive products are allowed duty-free entry into the United States only when imported from Canada. It was, therefore, necessary for the United States to obtain a waiver of its GATT obligations to the extent required to put the Agreement into effect. The waiver was approved on December 20, 1965, and provided for an annual report and a

review by the Gatt contracting parties after two years, and, if necessary, biennially thereafter. The U.S. reports to GATT have been based on the annual reports by the President to Congress on the operation of the Automotive Products Trade Act.

The waiver provides for consultations between the United States and any contracting party which believes that elimination of the U.S. customs duties on imports of an automotive product from Canada has created a significant diversion of U.S. imports of that automotive product from the requesting country. No request for such consultations has been received by the United States.

Determination of "Bona Fide Motor Vehicle Manufacturer."

Under the Automotive Products Trade Act of 1965 imports of duty-free Canadian original motor vehicle equipment are limited to imports made pursuant to an order, contract, or letter of intent from a bona fide motor vehicle manufacturer in the United States. The Act defines such a manufacturer as a person who, upon application to the Secretary of Commerce, is determined by the Secretary to have produced no fewer than 15 complete motor vehicles in the United States during the previous 12 months and to have installed capacity in the United States to produce ten or more complete motor vehicles per 40-hour week.

The Secretary of Commerce has delegated this responsibility to the Deputy Assistant Secretary for Domestic Commerce. Rules and Regulations, published in Part 315, Chapter III,

Title 15 to the Code of Federal Regulations, outline procedures for filing applications and set out the qualifications of a bona fide motor vehicle manufacturer. They also provide for preparation, maintenance, and publication of a list of these manufacturers.

These rules and regulations state that a person shall be regarded as having had the capacity to produce a complete motor vehicle only if his operations include the assembly of two or more major components (e.g., the attachment of a body of a chassis) to create a new motor vehicle ready for use.

As of June 1, 1975 a total of 184 U.S. manufacturers were certified as "bona fide motor vehicle manufacturers."^{18/} Certification of a manufacturer is valid for a 12-month period from the date the Secretary determines the manufacturer is qualified, and is renewable. The certified manufacturers are engaged in one or more of the following types of business: (1) manufacture of motor vehicles, including motor vehicle chassis; (2) manufacture and installation of motor vehicle bodies, and other motor vehicle equipment on new chassis; and (3) installation of motor vehicle bodies, trailer hitches known as fifth wheels, and other motor vehicle equipment on new chassis.

The manufacturers are located in 37 states, with Ohio, Michigan, Wisconsin, Illinois, Minnesota, New York and Pennsylvania leading the list in number of establishments.

Motor Vehicle Manufacturers Listed by Canada. The Canadian Government lists 80 firms which it considers to be motor vehicle manufacturers as of April 14, 1975.^{19/}

^{18/} App. D, page 61

^{19/} App. E, page 70

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TABLE 1.--RETAIL SALES OF MOTOR VEHICLES, 1965-74

SALES IN UNITED STATES
(Thousands of Units)

Year	Automobiles			Trucks			Total Vehicles
	North American Type	Overseas Import Type	Total	North American Type	Overseas Import Type	Total	
1965	8,763	569	9,332	1,539	44	1,583	10,915
1966	8,377	651	9,028	1,619	45	1,664	10,692
1967	7,568	769	8,337	1,524	49	1,573	9,910
1968	8,625	1,031	9,656	1,807	24	1,831	11,487
1969	8,464	1,118	9,582	1,935	33	1,968	11,550
1970	7,120	1,285	8,405	1,746	65	1,811	10,216
1971	8,681	1,570	10,251	2,011	85	2,096	12,347
1972	9,327	1,623	10,950	2,486	143	2,632	13,575
1973	9,676	1,763	11,439	2,916	228	3,144	14,583
1974 ^{1/}	7,454	1,417	8,871	2,512	171	2,693	11,564

^{1/} Preliminary

Source: Automobile Manufacturers Association and Ward's Reports

SALES IN CANADA
(Thousands of Units)

Year	Automobiles			Trucks			Total Vehicles
	North American Type	Overseas Import Type	Total	North American Type	Overseas Import Type	Total	
1965	634	75	709	120	2	122	831
1966	627	68	695	131	2	133	827
1967	605	74	679	133	3	136	815
1968	637	105	742	142	5	147	889
1969	638	123	761	150	7	157	918
1970	497	143	640	125	9	134	774
1971	592	188	780	147	13	160	940
1972	654	205	859	190	17	207	1,066
1973	783	188	971	235	20	256	1,227
1974 ^{1/}	799	144	943	288	19	307	1,249

^{1/} Preliminary

Source: Statistics Canada

TABLE 2.--U.S. MOTOR VEHICLE PRODUCTION, CALENDAR YEARS 1965-74
(Thousands of Units)

Year	Passenger cars	Trucks and buses	Total
1965	9,335.2	1,802.6	11,137.8
1966	8,604.7	1,791.6	10,396.3
1967	7,412.7	1,611.1	9,023.7
1968	8,848.6	1,971.8	10,820.4
1969	8,224.4	1,981.5	10,205.9
1970	6,550.1	1,733.8	8,283.9
1971	8,583.7	2,088.0	10,671.7
1972	8,828.2	2,482.5	11,310.7
1973	9,667.1	3,014.4	12,681.5
1974 ^{1/}	7,324.5	2,744.6	10,069.1

^{1/} Preliminary.

Source: Automobile Manufacturers Association

TABLE 3.--CANADIAN MOTOR VEHICLE PRODUCTION,
CALENDAR YEARS 1965-74

(Thousands of Units)

Year	Passenger cars	Trucks and buses	Total
1965	706.8	139.8	846.2
1966	684.5	187.7	872.2
1967	708.3	211.2	919.5
1968	889.4	260.8	1,150.2
1969	1,026.0	300.5	1,326.5
1970	923.4	236.1	1,159.5
1971	1,083.2	263.6	1,346.8
1972	1,154.5	319.9	1,474.4
1973	1,227.5	347.4	1,574.9
1974 ^{1/}	1,165.6	361.7	1,527.3

^{1/} Preliminary.

Source: Statistics Canada

TABLE 4.--PRICE INDEXES FOR AUTOMOTIVE EQUIPMENT
IN THE UNITED STATES
ANNUAL AVERAGE, 1965-74 (1967=100)

Year	Wholesale price index			Consumer price index
	Passenger cars	Motor trucks	Motor vehicle parts <u>1/</u>	New passenger cars
1965.....	100.1	97.5	---	100.0
1966.....	99.2	98.0	---	99.1
1967.....	100.0	100.0	100.0	100.0
1968.....	102.0	103.3	105.1	102.8
1969.....	103.3	106.1	108.4	104.4
1970.....	106.6	110.9	112.9	107.6
1971.....	112.2	118.5	120.2	112.0
1972.....	114.9	121.1	126.0	111.0
1973.....	115.4	123.0	127.5	111.1
1974.....	123.1	136.9	143.8	117.5

1/ The index for "motor vehicle parts" was first computed in 1967. Comparable data for earlier years are not available.

Source: U.S. Department of Labor

TABLE 5.--PRICE INDEXES FOR AUTOMOTIVE EQUIPMENT IN CANADA
Annual average 1965-74 (1967=100)

Year	Industrial selling price index 1/				Consumer price index	
	Passenger cars 2/			Motor trucks	Motor vehicle parts and accessories	New passenger cars
	Total 3/	Hard-top	4-door sedan			
1965		100.4	101.0	99.6	98.1	100.3
1966		100.1	99.8	99.8	98.5	98.3
1967		100.0	100.0	100.0	100.0	100.0
1968		101.2	102.2	102.3	101.3	101.8
1969		101.8	102.9	103.5	103.5	102.4
1970		101.6	104.2	107.9	105.8	104.2
1971	100.0	103.6	105.8	113.6	107.3	107.9
1972	101.8	105.5	107.8	116.6	109.4	110.0
1973	100.9			118.2	113.6	110.5
1974	106.9			131.7	123.8	118.4

1/ The industrial selling price indexes were revised in 1969. The classification shown here are the new series. 1965 is not entirely comparable with later data.

2/ The average index for passenger cars was introduced in January 1971; the indexes for individual passenger car models were discontinued in October 1973.

3/ 1971=100.

Source: Statistics Canada

TABLE 6.--PRICE OF TYPICAL MODEL, SUBCOMPACT 2-DOOR SEDAN WITH COMPARABLE STANDARD EQUIPMENT IN THE UNITED STATES AND CANADA, MODEL YEARS 1965, 1973-75

ITEM	Price in United States (U.S. dollars)	Price in Canada		Canadian Price Differential Over (under) U.S. Price	
		Canadian dollars	United States dollars	Amount U.S. dollars	Percent
1965 Model Introduction Factory List Price Sales/Excise Tax ^{1/} Dealers Delivery & Handling Manufacturer's suggested retail price ^{2/}			^{3/}		^{3/}
N O T P R O D U C E D					
1973 Model Introduction Factory List Price Sales/Excise Tax ^{1/} Dealers Delivery & Handling Manufacturer's suggested retail price ^{2/}	2,051 ^{94/} -	2,239 218 -	2,289 223 -	238 214 -	11.6 - -
	2,060	2,457	2,512	452	21.9
1974 Model Introduction Factory List Price Sales/Excise Tax ^{1/} Dealers Delivery & Handling Manufacturer's suggested retail price ^{2/}	2,228 ^{94/} -	2,398 237 -	2,452 242 -	224 233 -	10.1 - -
	2,237	2,635	2,694	457	20.4
1975 Model Introduction Factory List Price Sales/Excise Tax ^{1/} Dealers Delivery & Handling Manufacturer's suggested retail price ^{2/}	2,957 11 -	3,043 317 -	3,111 324 -	154 313 -	5.2 - -
	2,968	3,360	3,436	468	15.8

^{1/} Canadian sales tax 11 percent 1964-67, 12 percent 1968; U.S. excise tax 10 percent 1964-65, 7 percent 1966-Aug. 1971. U.S. excise tax on passenger cars and light trucks repealed as of Aug. 15, 1971.

^{2/} Manufacturer's suggested retail price includes factory list price, sales tax or excise tax and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

^{3/} Based on conversion rate of \$1.02246 = \$C1.00, the exchange rate in Dec. 1974.

^{4/} Excise Tax on Tires and Tubes.

TABLE 7.--PRICE OF TYPICAL POPULAR MODEL, 4-DOOR SEDAN, 8 CYLINDER WITH COMPARABLE STANDARD EQUIPMENT IN THE UNITED STATES AND CANADA, MODEL YEARS 1965, 1973-75

ITEM	Price in United States (U.S. dollars)	Price in Canada		Canadian Price Differential Over (under) U.S. Price	
		Canadian dollars	United States dollars	Amount U.S. dollars	Percent
1965 Model Introduction					
Factory List Price	2,565	3,040	3,108 ^{3/}	543	21.2
Sales/Excise Tax ^{1/}	149	256	262	113	-
Dealers Delivery & Handling	40	40	41	-	-
Manufacturer's suggested retail price ^{2/}	2,754	3,336	3,411	657	23.9
1973 Model Introduction					
Factory List Price	3,704	4,120	4,213	509	13.8
Sales/Excise Tax ^{1/}	194 ^{4/}	346	354	335	-
Dealers Delivery & Handling	40	40	41	-	-
Manufacturer's suggested retail price ^{2/}	3,763	4,506	4,607	844	22.4
1974 Model Introduction					
Factory List Price	3,852	4,209	4,304	452	11.7
Sales/Excise Tax ^{1/}	194 ^{4/}	360	368	349	-
Dealers Delivery & Handling	40	40	41	-	-
Manufacturer's suggested retail price ^{2/}	3,911	4,609	4,712	801	20.5
1975 Model Introduction					
Factory List Price	4,702	5,005	5,117	415	8.8
Sales/Excise Tax ^{1/}	19	429	439	420	-
Dealers Delivery & Handling	40	0	-	(40)	-
Manufacturer's suggested retail price ^{2/}	4,761	5,434	5,556	795	16.7

^{1/} Canadian sales tax 11 percent 1964-67, 12 percent 1968; U.S. excise tax 10 percent 1964-65, 7 percent 1966-Aug. 1971. U.S. excise tax on passenger cars and light trucks repealed as of Aug. 15, 1971.

^{2/} Manufacturer's suggested retail price includes factory list price, sales tax or excise tax and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

^{3/} Based on the conversion rate of 1.02246 = \$C1.00 the exchange rate in Dec. 1974.

^{4/} Excise Tax on Tires and Tubes.

TABLE 8.--PRICE OF TYPICAL POPULAR MODEL, 4-DOOR SEDAN, 8 CYLINDER WITH COMPARABLE STANDARD EQUIPMENT IN THE UNITED STATES AND CANADA, MODEL YEARS 1965, 1973-75

ITEM	Price in United States (U.S. dollars)	Price in Canada		Canadian Price Differential Over (under) U.S. Price	
		Canadian dollars	United States dollars	Amount U.S. dollars	Percent
1965 Model Introduction					
Factory List Price	4,103	5,815	5,946	1,843	44.9
Sales/Excise Tax ^{1/}	333	442	452	119	-
Dealers Delivery & Handling	50	40	41	(9)	-
Manufacturer's suggested retail price ^{2/}	4,486	6,297	6,438	1,952	43.5
1973 Model Introduction					
Factory List Price	5,392	6,195	6,334	942	17.5
Sales/Excise Tax ^{1/}	174 ^{4/}	498	509	492	-
Dealers Delivery & Handling	50	40	41	(9)	-
Manufacturer's suggested retail price ^{2/}	5,459	6,733	6,884	1,425	26.1
1974 Model Introduction					
Factory List Price	6,475	7,206	7,368	893	13.8
Sales/Excise Tax ^{1/}	174 ^{4/}	602	616	599	-
Dealers Delivery & Handling	50	40	41	(9)	-
Manufacturer's suggested retail price ^{2/}	6,542	7,848	8,024	1,482	22.7
1975 Model Introduction					
Factory List Price	7,633	8,355	8,543	910	11.9
Sales/Excise Tax ^{1/}	184 ^{4/}	713	729	711	-
Dealers Delivery & Handling	50	40	41	(9)	-
Manufacturer's suggested retail price ^{2/}	7,701	9,108	9,313	1,612	20.9

^{1/} Canadian sales tax 11 percent 1964-67, 12 percent 1968; U.S. excise tax 10 percent 1964-65, 7 percent 1966-Aug. 1971. U.S. excise tax on passenger cars and light trucks repealed as of Aug. 15, 1971.

^{2/} Manufacturer's suggested retail price includes factory list price, sales tax or excise tax and dealer delivery and handling, but excludes destination charges, state and local taxes, license and title fees.

^{3/} Based on conversion rate of \$1.02246 = \$C1.00, the exchange rate in Dec. 1974.

^{4/} Excise Tax on Tires and Tubes.

TABLE 9.--TOTAL EMPLOYMENT IN THE U.S. AUTOMOTIVE PRODUCTS
INDUSTRY BASED ON U.S. 1967 STANDARD INDUSTRIAL
CLASSIFICATION (SIC), ANNUAL AVERAGE, 1965-74
(Thousands of Employees)

Year	Total Motor Vehicles and Equipment (SIC 371)	Motor Vehicles (SIC 3711)	Passenger Car Bodies (SIC 3712)	Truck and Bus Bodies (SIC 3713)	Parts and Accessories (SIC 3714)
Annual Average					
1965	842.7	352.9	66.4	34.5	362.8
1966	861.6	361.5	65.3	36.8	370.2
1967	815.8	341.0	60.0	37.0	351.7
1968	873.7	373.1	59.5	37.8	376.1
1969	911.4	392.9	56.9	40.3	390.8
1970	797.3	336.3	45.9	38.3	351.3
1971	842.6	369.6	50.6	37.7	361.1
1972	862.8	373.5	42.6	41.0	378.5
1973	944.5	407.0	44.0	45.4	416.6
1974 ^{1/}	860.6	362.0	36.9	45.7	384.3

^{1/} Preliminary

Source: Bureau of Labor Statistics.

TABLE 10.--TOTAL EMPLOYMENT IN CANADIAN AUTOMOTIVE PRODUCTS
INDUSTRY BASED ON CANADIAN STANDARD INDUSTRIAL
CLASSIFICATION (SIC), ANNUAL AVERAGES, 1965-74^{1/}

Year	Estimated employment ^{2/} (Thousands of Employees)		
	Motor vehicles (SIC 323-5)	Assembling (SIC 323)	Parts and accessories (SIC 325)
Annual average:			
1965	81.9	41.9	34.8
1966	85.7	42.8	37.0
1967	84.1	40.7	37.1
1968	84.8	41.6	36.7
1969	92.1	44.5	39.7
1970	83.4	39.4	35.8
1971	93.4	43.1	40.6
1972	98.7	44.1	42.7
1973	110.2	47.6	48.0
1974 ^{3/}	108.1	47.1	45.8

^{1/} Establishment with 20 or more workers.

^{2/} The employment figures in this table are estimates based on Statistics Canada's employment indexes. It is believed these are more accurate than the previous employment figures in Table 10 which were based on somewhat less comprehensive data.

^{3/} Preliminary.

Source: Statistics Canada

TABLE 11.--VALUE OF CANADIAN MOTOR VEHICLES AND ORIGINAL
MOTOR-VEHICLE EQUIPMENT (CANADIAN ARTICLES)
IMPORTED DUTY-FREE FROM CANADA INTO THE UNITED STATES
UNDER THE PROVISIONS OF THE AUTOMOTIVE PRODUCTS TRADE
ACT OF 1965 (APTA), BY TSUSA NUMBER, 1972-74

(Thousands dollars)

TSUSA Number (APTA)	Commodity	1972	1973	1974
207.0100	Article of wood, n.s.p.f.....	2	41	303
220.4600	Articles of cork.....	-	-	12
355.2700	Felt, batting, wadding.....	83	415	279
357.9100	Hoses for liquids or gases, of vegetable fibers.....	-	-	-
357.9600	Hoses for liquids or gases, of manmade fibers.....	-	106	1,729
358.0300	V-belts, textile fibers and rubber.....	216	286	259
361.9000	Floor coverings and underlays, textile.....	823	4,048	1,186
389.8000	Textile articles, n.s.p.f.....	23	5	6
517.8200	Brushes, graphite, for electric generators and motors.....	268	233	156
535.1500	Ceramic insulators.....	1	neg.	-
540.7200	Glass fibers, bulk, pads, etc. ..	1	3	21
544.2000	Glass.....	-	15	1
544.3200	Toughened glass.....	17,309	25,485	18,670
544.4200	Laminated glass.....	7,200	16,349	-
544.5200	Mirrors, not over 1 square foot in reflecting area.....	6,181	6,961	2,684
544.5500	Mirrors, over 1 square foot in reflecting area.....	3	14	15
545.6200	Glass lenses and filters and parts for lighting and signals.	neg.	4	-
545.6400	Glass reflecting lenses for signs or signals.....	2	8	3
547.1600	Glock glass and other protective glasses curved.....	4	11	15

TABLE 11.--continued

TSUSA Number (APTA)	Commodity	1972	1973	1974
610.8100	Pipe and tube fittings of iron or steel (other than cast-iron fittings).....	26	35	104
613.1600	Pipe and tube fittings other than of copper, nickel silver and cupronickel.....	41	30	10
613.1900	Pipe and tube fittings of copper alloy, n.e.s.....	109	164	58
618.4800	Pipe, tubes, blanks and fittings of aluminum.....	2	5	63
642.2100	Ropes, cables, etc., with fittings.....	963	1,040	894
642.8800	Other wire cloth, etc., cut to shape.....	-	1	-
646.7900	Staples, rivets, bolts, and other fasteners.....	14,132	17,721	18,104
646.9300	Locks, parts, and keys, of base metal.....	254	1,135	544
647.0200	Hinges, fittings, and mountings of iron, steel, aluminum, or zinc designed for motor vehicles.....	15,770	19,456	19,165
647.0600	Other hinges, fittings, and mountings.....	32	10	23
652.1000	Flexible metal hose or tubing....	1,042	1,636	1,110
652.3900	Chain and chains, and parts, of base metal.....	8	13	20
652.7600	Signplates, nameplates, numbers, etc., of base metal.....	320	568	671
652.8500	Springs and leaves for springs of base metal, suitable for motor vehicle suspension.....	56,140	73,509	80,462
652.8700	Hairsprings.....	11	11	31
652.8900	Other springs.....	3,697	7,323	6,473
658.1000	Articles of base metal, n.s.p.f. not coated with precious metal.	3,073	3,885	3,542
660.4300	Piston-type compression-ignition engines.....	4,513	236	64
660.4500	Piston-type engines, n.e.s. (auto truck and bus).....	460,121	505,817	404,478
660.4700	Nonpiston type engines.....	1	6	-
660.5100	Cast iron parts, not advanced, etc., for internal combustion engines.....	8,953	10,974	13,584
660.5300	Parts of piston-type engines other than compression ignition engines.....	42,471	54,908	64,944
660.5500	Parts internal combustion engines, n.e.s.....	1,214	2,369	3,244

TABLE 11.--continued

TSUSA Number (APTA)	Commodity	1972	1973	1974
660.8600	Nonelectric engines, motors and parts, n.s.p.f.....	1	-	4
660.9300	Fuel injection pumps for compressor-ignition engines and parts.....	123	92	84
660.9500	Pumps for liquid, n.e.s., and parts..	10,320	15,049	19,544
661.1100	Fans and blowers and parts.....	10,755	13,793	11,546
661.1300	Compressors and parts.....	4,866	6,196	7,861
661.1600	Air pumps and vacuum pumps and parts.	186	9	-
661.2100	Air-conditioning machines and parts..	4,603	834	1,602
661.3600	Refrigerators, refrigerating equipment, and parts.....	-	19	-
661.9600	Other parts for filtering and purifying machines, n.e.s.....	5	186	677
662.5100	Other mechanical appliances n.e.s., for dispersing liquids, etc.....	632	940	1,157
664.1100	Material handling equipment, n.e.s...	1,361	1,929	2,772
678.5100	Machines, n.s.p.f. and parts.....	19	8	-
680.2100	Taps, cocks, valve, and parts, hand operated and check, copper.....	1	neg.	22
680.2300	Taps, cocks, valves, and parts hand operated and check, of other metals.....	1,754	3,671	4,370
680.2800	Taps, cocks, valves, other.....	5,078	7,460	10,495
680.3100	Antifriction balls and rollers.....	505	696	516
680.3400	Ball bearings with integral shafts...	2,173	2,994	2,729
680.3620	Ball bearings, origin Canada.....	5,088	4,287	5,253
680.3640	Roller bearings, origin Canada.....	3,675	3,292	695
680.3660	Bearings n.e.s. incl. parts, origin Canada.....	2,781	6,018	8,053
680.5800	Lubrication fittings.....	10	5	15
680.9100	Machinery parts not containing electrical features, n.s.p.f.....	9	21	39
682.6500	Generators, motors, electric and parts. under 200 horsepower.....	4,689	5,112	3,493
682.9100	Magnetic chucks, etc., electro-magnetic clutches, couplings, brakes, etc., n.e.s.....	3	4	4
683.1100	Lead-acid type storage batteries and parts.....	2,584	3,443	4,573
683.1600	Other storage batteries and parts.....	14	19	24
683.6100	Electrical starting and ignition equipment for internal combustion engines.....	10,748	11,830	9,775
683.6600	Electric lighting equipment designed for motor vehicles and parts.....	8,999	9,941	4,075
684.4100	Electric furnaces, heaters, and ovens, and parts.....	1,025	1,213	570

TABLE 11.--continued

TSUSA Number (APTA)	Commodity	1972	1973	1974
684.6300	Telephonic apparatus, instruments and parts, origin Canada.....	3	-	-
684.7100	Microphones, loudspeakers, etc. and parts.....	741	905	705
685.5520	Radio receivers.....	24,504	27,774	30,636
685.5540	Other radiotelegraphic and radio-telephonic transmission and reception apparatus, radio, TV, and recording devices, etc., and parts.....	6,798	8,127	8,179
685.7100	Electric sound and visual signaling apparatus parts.....	991	1,638	1,185
685.8100	Electrical capacitors, fixed or variable.....	2,021	2,653	1,575
685.9100	Electrical switches, relays, etc. and parts.....	4,589	6,966	9,868
686.1100	Resistors, fixed or variable and parts (including potentiometers but not including heating elements).....	781	637	110
686.2300	Automatic voltage regulators, etc., and parts for 6, 12 and 24-volt systems.....	-	2	14
686.6100	Sealed-beam lamps.....	779	625	315
686.8100	Electric filament lamps for operating under 100 volts, n.e.s....	304	513	445
687.5100	Television Picture Tubes.....	-	-	13
687.6100	Other electronic tubes, etc., and parts.....	668	166	10
688.0500	Insulated electrical conductors, without fittings.....	37	10	32
688.0700	Insulated electrical conductors, other.....	1	3	170
688.1300	Ignition wiring sets.....	7,122	10,871	11,585
688.1600	Insulated electrical conductors with fittings, other.....	6,496	9,387	9,252
688.4100	Electrical articles, and electrical parts of articles, n.s.p.f.	2	7	91
692.0300	Automobile trucks valued at \$1,000 or more each, but not including electric trolley buses, 3-wheeled vehicles, or trailers accompanying automobile truck tractors.....	492,133	383,555	548,773
692.0700	Motorbuses, but not including any electric trolley bus or 3-wheeled vehicle.....	7,094	6,787	6,861
692.1120	On-the-highway, 4-wheeled passenger automobiles, new....	2,592,892	2,766,047	3,089,961

TABLE 11.--continued

TSUSA Number (APTA)	Commodity	1972	1973	1974
692.1140	On-the-highway, 4-wheeled passenger automobiles, used.....	147	48	19
692.1160	Vehicles which operate in whole or in part on runners or skis.	103,761	66,261	34,875
692.1180	Other motor vehicles.....	1,771	2,840	6,547
692.2100	Chassis for automobile trucks and motorbuses except for electric trolley buses or 3-wheeled vehicles.....	285,290	470,072	430,325
692.2300	Other chassis except chassis for special purpose vehicles or 3-wheeled vehicles.....	8,173	355	5,532
692.2500	Cast-iron parts of motor vehicles, not alloyed, not advanced.....	471	81	159
692.2810	Body stampings.....	1,864	1,172	874
692.2820	Bumpers.....	43,008	49,447	34,114
692.2830	Wheels designed to be mounted with pneumatic tires.....	50,701	55,579	52,899
692.2840	Hubcaps and wheel covers.....	12,999	16,288	13,480
692.2850	Radiators.....	36,029	42,415	41,989
692.2860	Mufflers and tailpipes.....	9,546	9,818	10,828
692.2870	Other including truck tractors..	606,322	813,456	737,392
711.8500	Pressure gages, thermostat, etc.	2,155	5,421	4,116
711.9100	Taximeters and parts.....	-	1	5
711.9900	Speedometer and parts and other revolution counters, etc. and parts.....	1,290	1,532	1,593
712.5100	Electrical measuring, etc. and parts, n.s.p.f. and parts....	137	99	63
721.2000	Clocks, clock movements, etc., and parts.....	567	696	351
727.0700	Furniture designed for motor vehicle use, and parts.....	108,585	111,116	128,256
728.3000	Nontextile floor coverings.....	513	125	402
745.8000	Buckles and buckle slides, slide fasteners, and other fastening devices, and parts.....	313	166	534
772.6600	Hose, pipe, and tubing, n.s.p.f. of rubber or plastics.....	4,562	4,780	1,895
772.8100	Handles and knobs, of rubber or plastics.....	496	682	887
772.8600	Closures, including caps, lids, etc., of rubber or plastics...	195	197	141
773.2600	Gaskets, of rubber or plastics..	5,272	530	4,746

TABLE 11.--continued

TSUSA Number (APTA)	Commodity	1972	1973	1974
773.3100	Electric insulators of rubber or plastics.....	592	711	1,111
774.7000	Any articles n.s.p.f. of rubber or plastics.....	1,368	3,521	4,933
791,8100	Any article n.s.p.f. of reptile leather.....	9	-	-
791.9100	Articles n.s.p.f. of other leather.....	-	-	7
	<u>1/</u> Total, duty-free imports.....	5,089,104	5,743,979	5,980,728

1/ Figures may not add to total due to rounding.
neg. - negligible

TABLE 12.--U.S. AUTOMOTIVE TRADE,^{1/} TOTAL WITH ALL COUNTRIES, WITH CANADA, AND WITH ALL COUNTRIES EXCEPT CANADA, 1972-1974

(Millions of U.S. Dollars)

Item	Trade with all countries			Trade with Canada ^{2/}			Trade with all countries except Canada		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
U.S. Exports:									
Passenger cars	1,322.1	1,798.9	2,334.2	1,076.6	1,412.6	1,770.1	245.5	386.3	564.1
Trucks, buses, and chassis	760.2	944.4	1,488.6	443.3	536.9	836.6	316.9	407.5	652.0
Parts and accessories	3,240.3	3,815.9	4,697.7	2,443.6	2,802.2	3,225.9	796.7	1,013.7	1,471.8
Total	5,322.6	6,559.2	8,520.5	3,963.5	4,751.7	5,832.6	1,359.1	1,807.5	2,687.9
U.S. Imports:									
Passenger cars	5,711.8	6,495.6	7,552.9	2,594.9	2,770.0	3,090.1	3,116.9	3,725.6	4,462.8
Trucks, buses, and chassis	1,128.2	1,290.8	1,600.1	850.6	951.3	1,055.3	277.6	338.5	544.8
Parts and accessories	2,197.9	2,739.9	2,825.3	1,628.0	1,955.7	1,775.8	569.9	784.2	1,049.5
	9,037.9	10,526.3	11,978.3	5,073.5	5,677.0	5,921.2	3,964.4	4,848.3	6,057.1
U.S. Net Exports (-) ^{3/}	(3,715.3)	(3,967.1)	(3,457.8)	(1,110.0)	(925.3)	(88.6)	(2,605.3)	(3,040.8)	(3,369.2)

^{1/} The figures are not all inclusive inasmuch as some automotive products as well as other items destined for automotive use are not separately delineated in U.S. trade classification systems and, therefore, are not separately available in U.S. foreign trade statistics. Exports and imports of tires and tubes are not included. Figures may not add to totals because of rounding.

^{2/} The purpose of this table is to compare U.S. automotive trade balance with Canada and with the rest of the world. Therefore, imports of automotive products newly identified by the Automotive Products Trade Act of 1965 (APTA) are not included because similar items are not identifiable in the statistics of imports from other countries. See Table 14 for totals of these new APTA items from Canada.

^{3/} The net balance shown for U.S. automotive trade with Canada in the above table are the most representative figures possible on the basis of U.S. trade statistics. However, see discussion of United States - Canada automotive trade statistics in Section II.

Source: Bureau of the Census

TABLE 13.--U.S. AUTOMOTIVE EXPORTS ^{1/}, CALENDAR YEARS 1972-1974

(Millions of U.S. Dollars)

Country of destination	Passenger cars			Trucks and buses			Parts and accessories			Total Exports		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
Canada	1,076.6	1,412.6	1,770.1	443.3	536.9	836.6	2,443.6	2,802.2	3,225.9	3,963.5	4,751.7	5,832.6
European Economic Community, Total	20.9	44.7 ^{2/}	58.2 ^{2/}	11.4	26.3 ^{2/}	24.3 ^{2/}	110.0	156.8 ^{2/}	178.8 ^{2/}	142.1	274.8 ^{2/}	261.3 ^{2/}
Belgium and Luxembourg	4.9	11.3	21.6	1.7	5.0	7.8	26.2	36.4	52.7	32.9	52.7	82.1
France	1.8	2.3	2.4	4.6	6.9	7.2	18.2	28.7	35.6	24.5	37.9	45.2
West Germany	10.4	17.4	21.3	2.4	3.0	4.0	42.8	54.6	53.7	55.6	75.0	79.0
Italy	0.7	1.0	.9	1.8	1.5	1.2	10.2	14.0	18.3	12.6	16.5	20.4
Netherlands	3.1	7.0	12.0	0.9	2.5	4.1	12.6	12.3	18.5	16.5	21.8	34.6
United Kingdom	5.1	5.7	3.4	1.9	7.4	6.5	46.8	57.8	74.9	53.8	70.9	84.8
Sweden	1.6	2.8	4.3	2.4	1.5	4.6	15.6	17.0	27.4	19.6	21.3	36.3
Japan	24.3	59.1	70.6	3.6	5.5	6.7	15.8	23.0	35.4	43.7	87.6	117.7
Mexico	75.9	98.0	136.3	22.0	20.3	30.8	157.1	217.3	298.0	255.0	335.6	465.1
Venezuela	27.3	37.1	39.2	26.0	31.3	42.2	59.3	61.1	105.5	112.7	129.5	186.9
Republic of South Africa	0.7	1.5	1.3	12.9	11.6	22.1	22.6	34.2	43.9	36.3	47.3	67.3
Philippines	0.3	0.3	.4	10.5	7.6	17.8	20.8	24.3	32.7	31.6	32.2	50.9
Australia	2.1	4.1	3.4	7.7	6.5	17.9	51.3	80.7	125.3	61.1	91.3	146.6
Other countries	87.3	138.7	247.0	218.5	296.9	479.1	297.4	352.3	549.9	603.2	787.9	1,276.0
Total, all countries	1,322.1	1,798.9	2,334.2	760.2	944.4	1,488.6	3,240.3	3,815.9	4,697.7	5,322.6	6,559.2	8,520.5

^{1/} The figures are not all inclusive inasmuch as some automotive products as well as other items destined for automotive use are not separately delineated in U.S. trade classification systems and, therefore, are not separately available in U.S. foreign trade statistics. Exports of tires and tubes are not included. Figures may not add to totals because of rounding.

^{2/} Includes United Kingdom.

Source: Bureau of the Census

TABLE 14.--U.S. AUTOMOTIVE IMPORTS, CALENDAR YEARS 1972-1974

(Millions of U.S. Dollars)

Country of origin	Passenger cars			Trucks and buses			Parts and accessories			Total imports		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
Canada												
Traditional automotive ^{1/}	2,594.9	2,770.0	3,090.1	850.6	951.3	1,055.3	1,628.0	1,955.7	1,775.9	5,073.5	5,677.0	5,921.3
New APTA ^{2/}	-	-	-	-	-	-	167.4	215.9	220.8	167.4	215.9	220.8
	2,594.9	2,770.0	3,090.1	850.6	951.3	1,055.3	1,795.4	2,171.6	1,996.7	5,240.9	5,892.9	6,142.1
European Economic Community, total	1,686.3	2,282.8 ^{3/}	2,379.4 ^{3/}	24.3	25.3 ^{3/}	23.6 ^{3/}	208.5	376.0 ^{3/}	416.1 ^{3/}	1,919.1	2,684.1 ^{3/}	2,819.1 ^{3/}
Belgium and Luxembourg	109.3	192.3	216.8	15.2	17.7	13.4	2.4	3.8	6.5	127.3	213.8	236.7
France	30.2	22.5	45.6	-	.1	.1	14.7	19.0	60.2	44.9	41.6	105.9
West Germany	1,417.5	1,808.5	1,876.3	9.1	4.1	9.6	179.8	261.7	327.7	1,606.4	2,074.3	2,213.6
Italy	129.3	123.4	240.6	-	.7	.4	8.4	11.4	18.7	137.7	135.5	259.7
Netherlands	-	1.4	.1	-	.3	.1	2.8	3.1	3.0	2.8	4.8	3.2
Sweden	166.2	189.9	227.5	0.1	.3	.4	6.9	11.3	15.9	173.3	201.5	243.8
United Kingdom	125.6	134.7	158.6	1.8	2.4	1.6	86.1	77.0	59.0	213.5	214.1	219.2
Japan	1,138.6	1,244.2	1,685.4	249.2	298.3	483.2	225.2	290.2	370.5	1,613.0	1,832.7	2,539.1
Other countries	.2	8.7	11.9	2.2	15.6	36.0	43.2	106.7	187.9	45.6	131.0	235.8
Total	5,711.9	6,495.6	7,552.9	1,128.2	1,290.8	1,600.1	2,365.3	2,955.8	3,046.1	9,205.4	10,742.2	12,199.1

^{1/} Traditional automotive imports from Canada include those imports identifiable as automotive products in import figures from all countries.

^{2/} New APTA imports include those imports from Canada which were newly identified by the Automotive Products Trade Act of 1965 as automotive products. These items cannot be identified as automotive in the import data for any other country or in U.S. export data.

^{3/} Includes United Kingdom.

Note: Figures may not add to total because of rounding.

Source: Bureau of the Census

TABLE 15.--TOTAL U.S. TRADE ^{1/} (ALL COMMODITIES) WITH THE
WORLD AND WITH CANADA, CALENDAR YEARS 1965
and 1971-1974

(Millions of U.S. Dollars)

	1965	1971	1972	1973	1974
Exports, including reexports:					
To all countries, total	27,530	44,130	49,778	71,339	98,506
To Canada	5,658	10,365	12,415	15,104	19,932
Canada's percent of total	19.9	23.4	24.9	21.2	20.2
Imports, general:					
From all countries, total	21,429	45,563	55,583	69,476	100,972
From Canada, total	4,858	12,691	14,927	17,715	22,282
Canada's percent of total	22.7	28.0	26.8	25.5	22.1

^{1/} Including special category

Source: Bureau of the Census

TABLE 16.--CANADIAN AUTOMOTIVE EXPORTS, CALENDAR YEARS 1972-74

(Millions of U.S. Dollars) ^{1/}

Country of Origin	Passenger Cars			Trucks and Buses			Parts & Accessories			Total		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
United States	2,142	2,343	2,633	727	820	908	1,674	1,996	1,884	4,543	5,159	5,425
West Germany	-	-	-	1	3	2	4	5	4	5	8	6
United Kingdom	-	-	-	-	-	3	3	3	4	3	3	7
Sweden	-	-	-	1	3	2	4	5	6	5	8	8
South Africa	-	-	-	9	8	15	1	11	8	10	19	23
West Indies	14	12	4	5	4	2	1	1	1	20	17	7
Australia	1	-	-	4	3	4	14	21	9	19	24	13
Other countries	55	60	72	44	50	61	55	66	83	154	176	216
Total	2,212	2,415	2,709	791	891	997	1,756	2,108	1,999	4,759	5,414	5,705

487

45

^{1/} Converted to U.S. dollars at the exchange rate for 1972 of U.S. \$1.00937=C\$1.00; for 1973 the rate was \$0.9997=C\$1.00 for 1974 the rate was U.S.\$1.02246=C\$1.00.

Source: Statistics Canada

TABLE 17.--CANADIAN AUTOMOTIVE IMPORTS, CALENDAR YEARS 1972-74

(Millions of U.S. Dollars)^{1/}

Country of Origin	Passenger Cars			Trucks and Buses			Parts & Accessories			Total		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
United States	1,066	1,440	1,657	504	649	923	2,715	3,366	3,843	4,285	5,455	6,423
West Germany	87	119	92	14	11	14	30	26	40	131	156	145
France	17	8	15	-	1	4	6	3	18	23	12	37
Italy	11	16	33	1	1	2	1	2	4	13	19	39
United Kingdom	54	32	32	4	6	3	46	36	21	104	74	57
Sweden	17	5	10	-	-	1	12	27	33	29	32	44
Japan	234	157	213	69	70	105	24	23	25	327	250	343
Other countries	-	-	2	4	4	6	20	20	32	24	24	40
Total	1,486	1,777	2,054	596	742	1,058	2,854	3,503	4,016	4,936	6,022	7,128

^{1/} Converted to U.S. dollars at the exchange rate for 1972 of U.S. \$1.00937=C\$1.00; for 1973 the rate was \$0.9997=C\$1.00 for 1974 the rate was U.S.\$1.02246=C\$1.00.

Source: Statistics Canada

TABLE 18.--CANADIAN AUTOMOTIVE TRADE, TOTAL WITH ALL COUNTRIES, WITH UNITED STATES, AND WITH ALL OTHER COUNTRIES EXCEPT THE UNITED STATES 1972-74

(Millions of U.S. Dollars)^{1/}

	Trade With All Countries			Trade With United States			Trade With All Countries Except the United States		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
Canadian exports:									
Passenger cars	2,212	2,415	2,709	2,142	2,343	2,633	70	72	76
Trucks & buses	791	891	997	727	820	908	64	71	89
Parts & accessories	1,756	2,108	1,999	1,674	1,996	1,884	82	112	115
Total	4,759	5,414	5,705	4,543	5,159	5,425	216	255	280
Canadian imports:									
Passenger cars	1,486	1,777	2,054	1,066	1,440	1,657	420	337	397
Trucks & buses	596	742	1,058	504	649	923	92	93	135
Parts & accessories	2,854	3,503	4,016	2,715	3,366	3,843	139	137	173
Total	4,936	6,022	7,128	4,285	5,455	6,423	651	567	705
Canadian net Exports (-)	(177)	(608)	(1,423)	(258)	(296)	(998)	(435)	(312)	(425)

^{1/} Converted to U.S. dollars at the exchange rate for 1972 of U.S. \$1.00937=C\$1.00; for 1973 the rate was \$0.9997=C\$1.00 for 1974 the rate was \$1.02246=C\$1.00.

Source: Statistics Canada

APPENDIXES

APPENDIX A

AGREEMENT CONCERNING AUTOMOTIVE PRODUCTS BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA

The Government of the United States of America and the Government of Canada,

Determined to strengthen the economic relations between their two countries; Recognizing that this can best be achieved through the stimulation of economic growth and through the expansion of markets available to producers in both countries within the framework of the established policy of both countries of promoting multilateral trade;

Recognizing that an expansion of trade can best be achieved through the reduction or elimination of tariff and all other barriers to trade operating to impede or distort the full and efficient development of each country's trade and industrial potential;

Recognizing the important place that the automotive industry occupies in the industrial economy of the two countries and the interests of industry, labor and consumers in sustaining high levels of efficient production and continued growth in the automotive industry;

Agreed as follows:

ARTICLE I

The Governments of the United States and Canada, pursuant to the above principles, shall seek the early achievement of the following objectives:

- (a) The creation of a broader market for automotive products within which the full benefits of specialization and large-scale production can be achieved;
- (b) The liberalization of United States and Canadian automotive trade in respect of tariff barriers and other factors tending to impede it, with a view to enabling the industries of both countries to participate on a fair and equitable basis in the expanding total market of the two countries;
- (c) The development of conditions in which market forces may operate effectively to attain the most economic pattern of investment, production and trade.

It shall be the policy of each Government to avoid actions which would frustrate the achievement of these objectives.

ARTICLE II

(a) The Government of Canada, not later than the entry into force of the legislation contemplated in paragraph (b) of this Article, shall accord duty-free treatment to imports of the products of the United States described in Annex A.

(b) The Government of the United States, during the session of the United States Congress commencing on January 4, 1965, shall seek enactment of legislation authorizing duty-free treatment of imports of the products of Canada described in Annex B. In seeking such legislation, the Government of the United States shall also seek authority permitting the implementation of such duty-free treatment retroactively to the earliest date administratively possible following the date upon which the Government of Canada has accorded duty-free treatment. Promptly after the entry into force of such legislation, the Government of the United States shall accord duty-free treatment to the products of Canada described in Annex B.

ARTICLE III

The commitments made by the two Governments in this Agreement shall not preclude action by either Government consistent with obligations under Part II of the General Agreement on Tariffs and Trade.

ARTICLE IV

(a) At any time, at the request of either Government, the two Governments shall consult with respect to any matter relating to this Agreement.

(b) Without limiting the foregoing, the two Governments shall, at the request of either Government, consult with respect to any problems which may arise concerning automotive producers in the United States which do not at present have facilities in Canada for the manufacture of motor vehicles, and with respect to the implications for the operation of this Agreement of new automotive producers becoming established in Canada.

(c) No later than January 1, 1968, the two Governments shall jointly undertake a comprehensive review of the progress made towards achieving the objectives set forth in Article I. During this review the Governments shall consider such further steps as may be necessary or desirable for the full achievement of these objectives.

ARTICLE V

Access to the United States and Canadian markets provided for under this Agreement may by agreement be accorded on similar terms to other countries.

ARTICLE VI

This Agreement shall enter into force provisionally on the date of signature and definitively on the date upon which notes are exchanged between the two Governments giving notice that appropriate action in their respective legislatures has been completed.

ARTICLE VII

This Agreement shall be of unlimited duration. Each Government shall however have the right to terminate this Agreement twelve months from the date on which that Government gives written notice to the other Government of its intention to terminate the Agreement.

IN WITNESS WHEREOF the representatives of the two Governments have signed this Agreement.

Done in duplicate at Johnson City, Texas, this 16th day of January 1965, in English and French, the two texts being equally authentic.

For the Government of the United States of America:

For the Government of Canada:

ANNEX A

1. (1) Automobiles; when imported by a manufacturer of automobiles.
- (2) All parts, and accessories and parts thereof, except tires and tubes, when imported for use as original equipment in automobiles to be produced in Canada by a manufacturer of automobiles.
- (3) Buses, when imported by a manufacturer of buses.
- (4) All parts, and accessories and parts thereof, except tires and tubes, when imported for use as original equipment in buses to be produced in Canada by a manufacturer of buses.
- (5) Specified commercial vehicles, when imported by a manufacturer of specified commercial vehicles.
- (6) All parts, and accessories and part thereof, except tires, tubes and any machines or other articles required under Canadian tariff item 438a to be valued separately under the tariff items regularly applicable thereto, when imported for use as original equipment in specified commercial vehicles to be produced in Canada by a manufacturer of specified commercial vehicles.
2. (1) "Automobile" means a four-wheeled passenger automobile having a seating capacity for not more than ten persons;
- (2) "Base year" means the period of twelve months commencing on the 1st day of August, 1963 and ending on the 31st day of July, 1964;
- (3) "Bus" means a passenger motor vehicle having a seating capacity for more than 10 persons, or a chassis therefor, but does not include any following vehicle or chassis therefor, namely an electric trackless trolley bus, amphibious vehicle, tracked or half-tracked vehicle or motor vehicle designed primarily for off-highway use;
- (4) "Canadian value added" has the meaning assigned by regulations made under section 273 of the Canadian Customs Act;

(5) "Manufacturer" of vehicles of any following class, namely automobiles, buses or specified commercial vehicles, means, in relation to any importation of goods in respect of which the description is relevant, a manufacturer that

(i) produced vehicles of that class in Canada in each of the four consecutive three months' periods in the base year, and

(ii) produced vehicles of that class in Canada in the period of twelve months ending on the 31st day of July in which the importation is made,

(A) the ratio of the net sales value of which to the net sales value of all vehicles of that class sold for consumption in Canada by the manufacturer in that period is equal to or higher than the ratio of the net sales value of all vehicles of that class produced in Canada by the manufacturer in the base year to the net sales value of all vehicles of that class sold for consumption in Canada by the manufacturer in the base year, and is not in any case lower than seventy-five to one hundred; and

(B) the Canadian value added of which is equal to or greater than than Canadian value added of all vehicles of that class produced in Canada by the manufacturer in the base year;

(6) "Net sales value" has the meaning assigned by regulations made under section 273 of the Canadian Customs Act; and

(7) "Specified commercial vehicle" means a motor truck, motor truck chassis, ambulance or chassis therefor, or hearse or chassis therefor, but does not include:

(a) any following vehicle or a chassis designed primarily therefor, namely a bus, electric trackless trolley bus, amphibious vehicle, tracked or half-tracked vehicle, golf or invalid cart, straddle carrier, motor vehicle designed primarily for off-highway use, or motor vehicle specially constructed and equipped to perform special services or functions, such as, but not limited to, a fire engine, mobile crane, wrecker, concrete mixer or mobile clinic, or

(b) any machine or other article required under Canadian tariff item 438a to be valued separately under the tariff item regularly applicable thereto.

3. The Government of Canada may designate a manufacturer not falling within the categories set out above as being entitled to the benefit of duty-free treatment in respect of the goods described in this annex.

ANNEX B

(1) Motor vehicles for the transport of persons or articles as provided for in items 692.05 and 692.10 of the Tariff Schedules of the United States and chassis therefor, but not including electric trolley buses, three-wheeled vehicles, or trailers accompanying truck tractors, or chassis therefor.

(2) Fabricated components, not including trailers, tires, or tubes for tires, for use as original equipment in the manufacture of motor vehicles of the kinds described in paragraph (1) above.

(3) Articles of the kinds described in paragraphs (1) and (2) above include such articles whether finished or unfinished but do not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry, exclusive of any landing cost and Canadian duty, was—

(a) with regard to articles of the kinds described in paragraph (1), not including chassis, more than 60 percent until January 1, 1968, and thereafter more than 50 percent of the appraised customs value of the article imported into the customs territory of the United States; and

(b) with regard to chassis of the kinds described in paragraph (1), and articles of the kinds described in paragraph (2), more than 50 percent of the appraised customs value of the article imported into the customs territory of the United States.

APPENDIX B

Public Law 89-283

89th Congress, H.R. 9042

October 21, 1965

AN ACT To provide for the implementation of the Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE AND PURPOSES

SHORT TITLE

SECTION 101. This Act may be cited as the "Automotive Products Trade Act of 1965."

PURPOSES

SEC. 102. The purposes of this Act are—

(1) to provide for the implementation of the Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada signed on January 16, 1965 (hereinafter referred to as the "Agreement"), in order to strengthen the economic relations and expand trade in automotive products between the United States and Canada; and

(2) to authorize the implementation of such other international agreements providing for the mutual reduction or elimination of duties applicable to automotive products as the Government of the United States may hereafter enter into.

TITLE II—BASIC AUTHORITIES

IMPLEMENTATION OF THE AGREEMENT

SEC. 201. (a) The President is authorized to proclaim the modifications of the Tariff Schedules of the United States provided for in title IV of his Act.

(b) At any time after the issuance of the proclamation authorized by subsection (a), the President is authorized to proclaim further modifications of the Tariff Schedules of the United States to provide for the duty-free treatment of any Canadian article which is original motor-vehicle equipment (as defined by such Schedules as modified pursuant to subsection (a)) if he determines that the importation of such article, is actually or potentially of commercial significance and that such duty-free treatment is required to carry out the Agreement.

IMPLEMENTATION OF OTHER AGREEMENTS

SEC. 202. (a) Whenever, after determining that such an agreement will afford mutual trade benefits, the President enters into an agreement with the government of a country providing for the mutual elimination of the duties applicable to products of their respective countries which are motor vehicles and fabricated components intended for use as original equipment in the manufacture of such vehicles, the President (in accordance with subsection (d)) is authorized to proclaim such modifications of the Tariff Schedules of the United States as he determines to be required to carry out such agreement.

(b) Whenever, after having entered into an agreement with the government of a country providing for the mutual elimination of the duties applicable to products described in subsection (a), the President, after determining that such further agreement will afford mutual trade benefits, enters into a further agreement with such government providing for the mutual reduction or elimination

of the duties applicable to automotive products other than motor vehicles and fabricated components intended for use as original equipment in the manufacture of such vehicles, the President (in accordance with subsection (d)) is authorized to proclaim such modifications of the Tariff Schedules of the United States as he determines to be required to carry out such further agreement.

(c) Before the President enters into the negotiation of an agreement referred to in subsection (a) or (b), he shall—

(1) seek the advice of the Tariff Commission as to the probable economic effect of the reduction or elimination of duties on industries producing article-like or directly competitive with those which may be covered by such agreement;

(2) give reasonable public notice of his intention to negotiate such agreement (which notice shall be published in the Federal Register) in order that any interested person may have an opportunity to present his views to such agency as the President shall designate, under such rules and regulations as the President may prescribe; and

(3) seek information and advice with respect to such agreement from the Department of Commerce, Labor, State, and the Treasury, and from such other sources as he may deem appropriate.

(d)(1) The President shall transmit to each House of the Congress a copy of each agreement referred to in subsection (a) or (b). The delivery to both Houses shall be on the same day and shall be made to each House while it is in session.

(2) The President is authorized to issue any proclamation to carry out any such agreement—

(A) only after the expiration of the 60-day period following the date of delivery,

(B) only if, between the date of delivery and the expiration of such 60-day period, the Congress has not adopted a concurrent resolution stating in substance that the Senate and House of Representatives disapprove of the agreement, and

(C) in the case of any agreement referred to in subsection (b) with any country, only if there is in effect a proclamation implementing an agreement with such country applicable to products described in subsection (a).

(3) For purposes of paragraph (2) in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die.

(e) This section shall cease to be in effect on the day after the date of the enactment of this Act.

EFFECTIVE DATE OF PROCLAMATIONS

SEC. 203. (a) Subject to subsection (b), the President is authorized, notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C., sec. 1514) or any other provision of law, to give retroactive effect to any proclamation issued pursuant to section 201 of this Act as of the earliest date after January 17, 1965, which he determines to be practicable.

(b) In the case of liquidated customs entries, the retroactive effect pursuant to subsection (a) of any proclamation shall apply only upon request therefor filed with the customs officer concerned on or before the 90th day after the date of such proclamation and subject to such other conditions as the President may specify.

TERMINATION OF PROCLAMATIONS

SEC. 204. The President is authorized at any time to terminate, in whole or in part, any proclamation issued pursuant to section 201 or 202 of this Act.

SPECIAL REPORTS TO CONGRESS

SEC. 205. (a) No later than August 31, 1968, the President shall submit to the Senate and the House of Representatives a special report on the comprehensive review called for by Article IV(c) of the Agreement. In such report he shall advise the Congress of the progress made toward the achievement of the objectives of Article I of the Agreement.

(b) Whenever the President finds that any manufacturer has entered into any undertaking, by reason of governmental action, to increase the Canadian value added of automobiles, buses, specified commercial vehicles, or original equipment parts produced by such manufacturer in Canada after August 31, 1968, he shall

report such finding to the Senate and the House of Representatives. The President shall also report whether such undertaking is additional to undertakings agreed to in letters of undertaking submitted by such manufacturer before the date of enactment of this Act.

(c) The reports provided for in subsections (a) and (b) of this section shall include recommendations for such further steps, including legislative action, if any, as may be necessary for the achievement of the purposes of the Agreement and this Act.

TITLE III—TARIFF ADJUSTMENT AND OTHER ADJUSTMENT ASSISTANCE

GENERAL AUTHORITY

SEC. 301. Subject to section 302 of this Act, a petition may be filed for tariff adjustment or for a determination of eligibility to apply for adjustment assistance under title III of the Trade Expansion Act of 1962 (19 U.S.C., sec. 1901-1991) as though the reduction or elimination of a duty proclaimed by the President pursuant to section 201 or 202 of this Act were a concession granted under a trade agreement referred to in section 301 of the Trade Expansion Act of 1962.

SPECIAL AUTHORITY DURING TRANSITIONAL PERIOD UNDER THE AGREEMENT

SEC. 302. (a) After the 90th day after the date of the enactment of this Act and before July 1, 1968, a petition under section 301 of this Act for a determination of eligibility to apply for adjustment assistance may be filed with the President by—

(1) a firm which produces an automotive product, or its representative;

or

(2) a group of workers in a firm which produces an automotive product, or their certified or recognized union or other duly authorized representative.

(b) After a petition is filed by a firm or group of workers under subsection (a), the President shall determine whether—

(1) dislocation of the firm or group of workers has occurred or threatens to occur;

(2) production in the United States of the automotive product concerned produced by the firm, or an appropriate subdivision thereof, and of the automotive product like or directly competitive therewith, has decreased appreciably; and

(3)(A) imports into the United States from Canada of the Canadian automotive product like or directly competitive with that produced by the firm, or an appropriate subdivision thereof, have increased appreciably; or

(B) exports from the United States to Canada of the United States automotive product concerned produced by the firm, or an appropriate subdivision thereof, and of the United States automotive product like or directly competitive therewith, have decreased appreciably, and the decrease in such exports is greater than the decrease, if any, in production in Canada of the Canadian automotive product like or directly competitive with the United States automotive product being exported.

(c) If the President makes an affirmative determination under paragraphs (1), (2), and (3) of subsection (b), with respect to a firm or group of workers, he shall promptly certify that as a result of its dislocation the firm or group of workers is eligible to apply for adjustment assistance, unless the President determines that the operation of the Agreement has not been the primary factor in causing or threatening to cause dislocation of the firm or group of workers.

(d) If the President makes an affirmative determination under paragraph (1) but a negative determination under paragraph (2) or (3) of subsection (b), with respect to a firm or group of workers, the President shall determine whether the operation of the Agreement has nevertheless been the primary factor in causing or threatening to cause dislocation of the firm or group of workers. If the President makes such an affirmative determination, he shall promptly certify that as a result of its dislocation the firm or group of workers is eligible to apply for adjustment assistance.

(e)(1) In order to provide the President with a factual record on the basis of which he may make the determinations referred to in subsections (b), (c), and (d)

with respect to a firm or a group of workers, the President shall promptly transmit to the Tariff Commission a copy of each petition filed under subsection (a) and, not later than 5 days after the date on which the petition is filed, shall request the Tariff Commission to conduct an investigation related to questions of fact relevant to such determinations and to make a report of the facts disclosed by such investigation. In his request, the President may specify the particular kinds of data which he deems appropriate. Upon receipt of the President's request, the Tariff Commission shall promptly institute the investigation and promptly publish notice thereof in the Federal Register.

(2) In the course of each investigation conducted under paragraph (1), the Tariff Commission shall, after reasonable notice, hold a public hearing, if such hearing is requested (not later than 10 days after the date of the publication of its notice under paragraph (1)) by the petitioner or any other person showing a proper interest in the subject matter of the investigation, and shall afford interested persons an opportunity to be present, to produce evidence, and to be heard at such hearing.

(3) Not later than 50 days after the date on which it receives the request of the President under paragraph (1), the Tariff Commission shall transmit to the President a report of the facts disclosed by its investigation, together with the transcript of the hearing and any briefs which may have been submitted in connection with such investigation.

(f)(1) The President shall make each final determination under subsection (b) (c), or (d) with respect to a firm or group of workers only after he has sought advice from the Department of Commerce, Labor, and the Treasury, the Small Business Administration, and such other agencies as he may deem appropriate.

(2) The President shall make each such final determination not later than 15 days after the date on which he receives the Tariff Commission's report, unless, within such period, the President requests additional factual information from the Tariff Commission. In this event, the Tariff Commission shall, not later than 25 days after the date on which it receives the President's request, furnish such additional factual information in a supplemental report, and the President shall make his final determination not later than 10 days after the date on which he receives such supplemental report.

(3) The President shall promptly publish in the Federal Register a summary of each final determination under this section.

(g) Any certification with respect to a group of workers made by the President under this section shall—

(1) specify the date on which the dislocation began or threatens to begin; and

(2) be terminated by the President whenever he determines that the operation of the Agreement is no longer the primary factor in causing separations from the firm or subdivision thereof, in which case such termination shall apply only with respect to separations occurring after the termination date specified by the President.

(h) Any certification with respect to a firm or a group of workers or any termination of such certification, including the specification of a date in such certification or termination, made by the President under this section shall constitute a certification or termination, including the specification of a date therein, under section 302 of the Trade Expansion Act of 1962 (19 U.S.C., sec. 1902) for purposes of chapter 2 or 3 of title III of that Act.

(i) If a firm which has been certified under this section applies for tax assistance as provided by section 317 of the Trade Expansion Act of 1962, the reference in subsection (a)(2) of such section 317 to a trade or business which was seriously injured by increased imports which the Tariff Commission has determined to result from concessions granted under trade agreements shall be treated as referring to a trade or business which was seriously injured by the operation of the Agreement.

(j) Notwithstanding any provision of chapter 3 of title III of the Trade Expansion Act of 1962 or of this title, applications based on any certification made by the President under this section for—

(1) trade readjustment allowances for weeks of unemployment beginning after January 17, 1965, and before the 90th day after the date of the enactment of this Act, and

(2) relocation allowances for relocations occurring after January 17, 1965, and before such 90th day,

shall be determined in accordance with regulations prescribed by the Secretary of Labor.

(k) The President is authorized to exercise any of his functions under this section through such agency or other instrumentality of the United States Government as he may direct and in conformity with such rules or regulations as he may prescribe.

(l) For purposes of this section—

(1) The term "automotive product" means a motor vehicle or a fabricated component to be used as original equipment in the manufacture of motor vehicles.

(2) The term "dislocation" means—

(A) in the case of a firm, injury to the firm, which may be evidenced by such conditions as idling of productive facilities, inability to operate at a level of reasonable profit, or unemployment or underemployment, and which is of a serious nature; and

(B) in the case of a group of workers, unemployment or underemployment of a significant number or proportion of the workers of a firm or an appropriate subdivision thereof.

(3) The term "firm" includes an individual proprietorship, partnership, joint venture, association, corporation (including a development corporation), business trust, cooperative, trustee in bankruptcy, and receivers under decree of any court. A firm, together with any predecessor, successor, or affiliated firm controlled or substantially beneficially owned by substantially the same persons, may be considered a single firm where necessary to prevent unjustifiable benefits.

(4) The term "operation of the Agreement" includes governmental or private actions in the United States or Canada directly related to the conclusion or implementation of the Agreement.

ADJUSTMENT ASSISTANCE RELATED TO OTHER AGREEMENTS

SEC. 303. At the time the President transmits to the Congress a copy of any agreement pursuant to section 202(d)(1), he shall recommend to the Congress such legislative provisions concerning adjustment assistance to firms and workers as he determines to be appropriate in light of the anticipated economic impact of the reduction or elimination of duties provided for by such agreement.

AUTHORIZATION OF APPROPRIATIONS

SEC. 304. There are hereby authorized to be appropriated such sums as may be necessary from time to time to carry out the provisions of this title, which sums are authorized to be appropriated to remain available until expended.

TITLE IV—MODIFICATIONS OF TARIFF SCHEDULES OF THE UNITED STATES

ENTRY INTO FORCE AND STATUS OF MODIFICATIONS

SEC. 401. (a) The modifications of the Tariff Schedules of the United States provided for in this title shall not enter into force except as proclaimed by the President pursuant to section 201(a) of this Act.

(b) The rates of duty in column numbered 1 of the Tariff Schedules of the United States which are modified pursuant to section 201(a) of this Act shall be treated—

(1) as not having the status of statutory provisions enacted by the Congress, but

(2) as having been proclaimed by the President as being required to carry out a foreign trade agreement to which the United States is a party.

REFERENCES TO TARIFF SCHEDULES

SEC. 402. Whenever in this title a modification is expressed in terms of a modification of an item or other provision, the reference shall be considered to be made to an item or other provision of the Tariff Schedules of the United States (19 U.S.C., sec. 1202). Each page reference "(p.)" in this title refers to the page on which the item or provision referred to appears both in part II of the Federal Register for August 57, 1963, and in volume 77A of the United States Statutes at Large.

DEFINITION OF CANADIAN ARTICLE

SEC. 403. In general headnote 3 (pp. 11 and 12) redesignate paragraphs (d), (e), and (f) as paragraphs (e), (f), and (g), respectively, and insert a new paragraph (d) as follows:

"(d) Products of Canada.

"(i) Products of Canada imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. The rates of duty for a Canadian article, as defined in subdivision (d)(ii) of this headnote, apply only as shown in the said column numbered 1.

"(ii) The term 'Canadian article', as used in the schedules, means an article which is the product of Canada, but does not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry (that is, the actual purchase price, or, if not purchased, the export value, of such materials, plus, if not included therein, the cost of transporting such materials to Canada but exclusive of any landing cost and Canadian duty) was—

"(A) with regard to any motor vehicle or automobile truck tractor entered on or before December 31, 1967, more than 60 percent of the appraised value of the article imported into the customs territory of the United States; and

"(B) with regard to any other article (including any motor vehicle or automobile truck tractor entered after December 31, 1967), more than 50 percent of the appraised value of the article imported into the customs territory of the United States."

DEFINITION OF ORIGINAL MOTOR-VEHICLE EQUIPMENT

SEC. 404. In the headnotes for subpart B, part 6, schedule 6 add after headnote 1 (p. 325) the following new headnote:

"2. Motor Vehicles and Original Equipment Thereof of Canadian Origin.—(a) The term 'original motor-vehicle equipment', as used in the schedules with reference to a Canadian article (as defined by general headnote 3(d)), means such a Canadian article which has been obtained from a supplier in Canada 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 to be used in their manufacture.

"(b) The term 'motor vehicle', as used in this headnote, means a motor vehicle of a kind described in item 692.05 or 692.10 of this subpart (excluding an electric trolley bus and a three-wheeled vehicle) or an automobile truck tractor.

"(c) The term 'bona fide motor-vehicle manufacturer', as used in this headnote, means a person who, upon application to the Secretary of Commerce, is determined by the Secretary to have produced no fewer than 15 complete motor vehicles in the United States during the previous 12 months, and to have installed capacity in the United States to produce 10 or more complete motor vehicles per 40-hour week. The Secretary of Commerce shall maintain, and publish from time to time in the Federal Register, a list of the names and addresses of bona fide motor-vehicle manufacturers.

"(d) If any Canadian article accorded the status of original motor-vehicle equipment is not so used in the manufacture in the United States of motor vehicles, such Canadian article or its value (to be recovered from the importer or other person who diverted the article from its intended use as original motor-vehicle equipment) shall be subject to forfeiture, unless at the time of the diversion of the Canadian article the United States Customs Service is notified in writing, and, pursuant to arrangements made with the Service—

"(i) the Canadian article is, under customs supervision, destroyed or exported, or

"(ii) duty is paid to the United States Government in an amount equal to the duty which would have been payable at the time of entry if the Canadian article had not been entered as original motor-vehicle equipment."

IDENTIFICATION OF AUTOMOTIVE PRODUCTS

SEC. 405. (a) Redesignate item 692.25 (p. 326) as 692.27; in headnote 1(b) of subpart B, part 6, schedule 6 (p. 325) substitute "item 692.27" in lieu of "item 692.25"; and insert in proper numerical sequence new items as follows.

" 692.06	If Canadian article, but not including any electric trolley bus, three-wheeled vehicle, or trailer accompanying an automobile truck tractor (see general headnote 3(d)).....	Free	"
" 692.11	If Canadian article, but not including any three-wheeled vehicle (see general headnote 3(d)).....	Free	"
" 692.21	Chassis, if Canadian article, except chassis for an electric trolley bus, or a three-wheeled vehicle; bodies (including cabs), if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart)...	Free	"
" 692.23	Chassis, if Canadian article, except chassis designed primarily for a vehicle described in item 692.15 or a three-wheeled vehicle; bodies (including cabs), if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free	"
" 692.25	If Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart) ...	Free	"
" 692.28	Automobile truck tractors, if Canadian article, other articles, if Canadian article and original motor-vehicle equipment (see headnote 2 of this subpart).....	Free	"

" (a) Insert in proper numerical sequence new items as follows:

" 361.90	Any article described in the foregoing items 360.20 to 360.70, inclusive, 360.80, 361.80, or 361.85 if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 516.98	Any article described in the foregoing items 516.71 to 516.76, inclusive, or 516.94, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)....	Free	"
" 646.79	Any article described in the foregoing item 646.20 and items 646.40 to 646.78, inclusive (except 646.45 and 646.47), if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6) ...	Free	"
" 652.39	Any article described in the foregoing items 652.12 to 652.38, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"
" 658.13	Any article described in the foregoing items 657.09 to 658.00, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free	"
" 682.65	Any article described in the foregoing items 682.10 to 682.60, inclusive (except 682.55), if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free	"
" 685.55	Any article described in the foregoing items 685.20 to 685.50, inclusive, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6)	Free	"
" 721.20	Any article in the foregoing items covering clocks, clock movements, clock cases and dials and parts thereof, plates (720.67), assemblies and subassemblies for clock movements, and other parts for clock movements, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free	"

" (c) Insert in proper numerical sequence new items 355.27, 389.50, 728.30, 745.50, and 774.70, each having an article description and rate as follows:

Any article described in the foregoing provisions of this subpart, if Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6).....	Free
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(d) Redesignate item 613.16 as 613.18, item 652.85 as 652.84, item 652.87 as 652.88, item 680.34 as 680.33, item 680.58 as 680.60, item 680.59 as 680.70, item 680.60 as 680.90, and item 711.91 as 711.93; and insert in proper numerical sequence new items as follows:

207.01	652.89	683.11
220.46	660.43	683.16
357.91	660.45	683.61
357.96	660.47	683.66
358.03	660.51	684.41
517.82	660.53	684.63
535.15	660.55	684.71
540.72	660.86	685.71
544.18	660.93	685.81
544.32	660.95	685.91
544.42	661.11	686.11
544.52	661.13	686.23
544.55	661.16	686.61
545.62	661.21	686.81
545.64	661.36	687.51
547.16	661.93	687.61
610.81	661.96	688.13
613.16	662.36	688.41
631.19	662.51	711.85
618.48	664.51	711.91
620.47	678.51	711.99
642.21	680.21	712.51
642.86	680.23	727.07
642.88	680.28	722.66
646.93	680.31	722.81
647.02	680.34	722.86
647.06	680.36	723.26
652.10	680.58	723.31
652.76	680.91	791.81
652.85	682.71	791.91
652.87	692.91	

each such item having the article description "If Canadian article and original motor-vehicle equipment (see headnote 2, part 6B, schedule 6) * * *" subordinate to the immediately preceding article description, and having "Free" in rate of duty column numbered 1.

TITLE V—GENERAL PROVISIONS

AUTHORITIES

SEC. 501. The head of any agency performing functions authorized by this Act may—

- (1) authorize the head of any other agency to perform any of such functions; and
- (2) prescribe such rules and regulations as may be necessary to perform such functions.

ANNUAL REPORT

SEC. 502. The President shall submit to the Congress an annual report on the implementation of this Act. Such report shall include information regarding new negotiations, reductions or eliminations of duties, reciprocal concessions obtained, and other information relating to activities under this Act. Such report shall also include information providing an evaluation of the Agreement and this Act in relation to the total national interest, and specifically shall include, to the extent practicable, information with respect to—

- (1) the production of motor vehicles and motor vehicle parts in the United States and Canada,
- (2) the retail prices of motor vehicles and motor vehicle parts in the United States and Canada,
- (3) employment in the motor vehicle industry and motor vehicle parts industry in the United States and Canada, and
- (4) United States and Canadian trade in motor vehicles and motor vehicle parts, particularly trade between the United States and Canada.

APPLICABILITY OF ANTIDUMPING AND ANTITRUST LAWS

SEC. 503. Nothing contained in this Act shall be construed to affect or modify the provisions of the Anti-Dumping Act, 1921 (19 U.S.C. 160-173), or of any of the antitrust laws as designated in section 1 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12).

TITLE VI—MISCELLANEOUS PROVISIONS**JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES**

SEC. 601. Section 601(e) of the Revenue Act of 1941 (55 Stat. 726) (relating to the Joint Committee on Reduction of Nonessential Federal Expenditures) is amended to read as follows:

"(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

Approved October 21, 1965.

LEGISLATIVE HISTORY

House Reports No. 537 (Committee on Ways and Means) and No. 1115 (committee of conference),
Senate Report No. 782 (Committee on Finance),
Congressional Record, vol. 111 (1965)
Aug. 31 Considered and passed House.
Sept. 29 Considered in Senate.
Sept. 30 Considered and passed Senate, amended.
Oct. 5 Senate agreed to conference report.
Oct. 5 House agreed to conference report.

APPENDIX C
PRESIDENTIAL DOCUMENTS

[From the Federal Register, vol. 30, No. 209, Oct. 28, 1965]

TITLE 3—THE PRESIDENT

PROCLAMATION 3682

**IMPLEMENTING AGREEMENT CONCERNING AUTOMOTIVE PRODUCTS BETWEEN THE
UNITED STATES AND CANADA**

By the President of the United States of America

A PROCLAMATION

WHEREAS the United States and Canada on January 16, 1965, entered into an Agreement Concerning Automotive Products, which provides that Canada shall accord duty-free treatment to imports of certain automotive products of the United States and that, after enactment of implementing legislation, the United States shall accord duty-free treatment to certain automotive products of Canada retroactively to the earliest date administratively possible following the date on which the agreement has been implemented by Canada (art. II, 89th Cong. 1st sess., H. Rep. 537, 38);

WHEREAS the agreement of January 16, 1965, was implemented by Canada through the granting of the requisite duty-free treatment to United States products on January 18, 1965;

WHEREAS titles II and IV of the Automotive Products Trade Act of 1965 have been enacted to provide for modifications of the Tariff Schedules of the United States (19 U.S.C. 1202) to implement the agreement of January 16, 1965, such modifications to enter into force in the manner proclaimed by the President (79 Stat. 1016);

WHEREAS sections 201(a) and 203 of the Automotive Products Trade Act of 1965 authorize the President to proclaim the modifications of the Tariff Schedules of the United States provided for in sections 403, 404, and 405 of that Act with retroactive effect as of the earliest date after January 17, 1965, which he determines to be practicable, and section 401(b) of that Act provides that the rates of duty in column numbered 1 of the tariff schedules that are modified pursuant to such proclamation shall be treated as having been proclaimed by the President as being required to carry out a foreign trade agreement to which the United States is a party (79 Stat. 1016); and

WHEREAS I determine that the earliest date, after January 17, 1965, as of which it is practicable to give retroactive effect to this proclamation is January 18, 1965:

NOW, THEREFORE, I, LYNDON B. JOHNSON, under the authority vested in me by the Constitution and the statutes, particularly sections 201(a) and 203 of the Automotive Products Trade Act of 1965, do proclaim (1) that the modifications of the Tariff Schedules of the United States provided for in sections 403 and 404 of that Act shall enter into force on the day following the date of this proclamation, and (2) that the modifications of the tariff schedules provided for in section 405 of that Act shall enter into force on December 20, 1965, effective with respect to articles which are or have been entered for consumption, or for warehouse, on or after January 18, 1965.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this twenty-first day of October in the year of our Lord nineteen hundred and sixty-five, and of the Independence of [SEAL] the United States of America the one hundred and ninetieth.

LYNDON B. JOHNSON

By the President:
DEAN RUSK,
Secretary of State.

APPENDIX D

United Bona Fide Motor Vehicle Manufacturers List as of
June 1, 1975, with Date of Certification

Adams International Truck Co., Inc.
P. O. Box 1556
Thomasville, Georgia 31792
January 18, 1975

Allentown Brake & Wheel Service, Inc.
R.D. #3 - P.O. Box 2088
Allentown, Pennsylvania 18001
October 19, 1974

AM General Corporation
32500 Van Born Road
Wayne, Michigan 48184
April 1, 1975

American La France
Division America La France, Inc.
100 East La France Street
Elmira, New York 14902
July 8, 1974

American Motors Corporation
14250 Plymouth Road
Detroit, Michigan 48232
January 18, 1975

American Trailers, Inc.
1500 Exchange Avenue
Oklahoma City, Oklahoma 73126
January 18, 1975

American Trailer Service, Inc.
2814 North Cleveland Avenue
St. Paul, Minnesota 55113
January 18, 1975

Amthor's Welding Service, Inc.
307 State, Route 52 East
Walden, New York 12586
July 9, 1974

Harold G. Anderson Equipment Corp.
One Anderson Drive
Albany, New York 12055
October 4, 1974

Antietam Equipment Corporation
P. O. Box 91
Hagerstown, Maryland 21740
January 1, 1975

ARBE Products, Inc.
225 South Street
Rochester, Michigan 48063
September 15, 1974

Arctic Enterprises, Inc.
P. O. Box 635
Thief River Falls, Minnesota 56701
August 1, 1974

Arrow Trailer & Equipment Company
140 North Dirksen Parkway
Springfield, Illinois 62702
April 1, 1975

ATV Manufacturing Company
55th St. & A.V.R.R.
Pittsburgh, Pennsylvania 15201
October 1, 1974

Automotive Service Company
111-113 North Waterloo
Jackson, Michigan 49204
January 18, 1975

Avanti Motor Corporation
765 South Lafayette Blvd.
P. O. Box 1916
South Bend, Indiana 46634
January 10, 1975

Bethlehem Fabricators, Inc.
1700 Riverside Drive
Bethlehem, Pennsylvania 18016
January 20, 1975

Allan U. Bevier, Inc.
Sexton Street & Georgetown Road
Baltimore, Maryland 21230
October 10, 1974

Adam Black & Sons, Inc.
276-300 Tonnele Avenue
Jersey City, New Jersey 07306
January 18, 1975

Blue Bird Body Company
P. O. Box 937
Fort Valley, Georgia 31030
January 18, 1975

Boyertown Auto Body Works, Inc.
Third and Walnut Streets
Boyertown, Pennsylvania 19512
September 1, 1974

Brake & Equipment Co., Inc.
1801 North Mayfair Road
Milwaukee, Wisconsin 53226
January 1, 1975

Brake Service & Parts, Inc.
170 Washington Street
Bangor, Maine 04401
January 18, 1975

Bristol-Donald Company, Inc.
Bristol-Donald Manufacturing Corp.
50 Roanoke Avenue
Newark, New Jersey 07105
January 1, 1975

Capital Trailer and Body Company
3420 East Broadway
No. Little Rock, Arkansas 72117
April 15, 1975

The Carnegie Body Company
9500 Brookpark Road
Cleveland, Ohio 44129
January 1, 1975

Carpenter Body Works, Inc.
Highway 37
Mitchell, Indiana 47446
January 1, 1975

Champion Carriers, Inc.
2321 E. Pioneer Drive
Irving, Texas 75061
October 20, 1974

Checker Motors Corporation
2016 N. Pitcher Street
Kalamazoo, Michigan 49007
January 1, 1975

Cherry Valley Tank Div., Inc.
75 Cantiague Road
Westburg, New York 11590
April 9, 1975

Chrysler Corporation
Chrysler Center
12000 Oakland Avenue
Highland Park, Michigan 48231
January 18, 1975

B.M. Clark Company, Inc. &
Subsidiary
Route 17 - Box 195
Union, Maine 04862
January 14, 1974

Fred Clemett & Company, Inc.
2020 Lemoyne Street
P. O. Box 26
Syracuse, New York 13211
July 1, 1974

Collins Industries, Inc.
Hutchinson Air Base Industrial Tract
P. O. Box 58
Hutchinson, Kansas 67501
November 1, 1974

Comet Corporation
N. 3808 Sullivan Road
Spokane, Washington 99216
January 18, 1975

Commercial Truck & Trailer, Inc.
313 North State Street
Girard, Ohio 44420
January 1, 1975

Cook Body Company
3701 Harles Avenue
Charlotte, North Carolina 28208
October 22, 1974

Correct Manufacturing Corporation
London Road Extension
P. O. Box 689
Delaware, Ohio 43015
July 1, 1974

Crane Carrier Company
1925 N. Sheridan Street
Tulsa, Oklahoma 74151
September 19, 1974

Crenshaw Corporation
1700 Commerce Road
P. O. Box 4217
Richmond, Virginia 23224
July 1, 1974

Cross Truck Equipment Co., Inc.
1801 Perry Drive, S.W.
Canton, Ohio 44706
August 23, 1974

Crown Coach Corporation
2500 East 12th Street
Los Angeles, California 90021
March 20, 1975

Daleiden Auto Body & Mfg. Corp.
425 E. Vine Street
Kalamazoo, Michigan 49001
January 12, 1975

Dealers Truck Equipment Co., Inc.
2460 Midway Street
P. O. Box 1435 MCA
Shreveport, Louisiana 71130
January 1, 1975

Dealers Truckstell Sales, Inc.
653 Beale Street
P. O. Box 502
Memphis, Tennessee 38101
January 1, 1975

Chet Decker Auto Sales
300 Lincoln Avenue
Hawthorne, New Jersey 07506
November 3, 1974

John Deere Horicon Works
of Deere & Company
Horicon, Wisconsin 53032
June 1, 1975

Diamond Reo Trucks, Inc.
1331 South Washington Avenue
Lansing, Michigan 48920
October 26, 1974

Eastern Tank Corporation
290 Pennsylvania Avenue
Paterson, New Jersey 07503
January 1, 1975

Eight Point Trailer Corporation
6100 E. Washington Blvd.
Los Angeles, California 90040
January 18, 1975

Elder International, Inc.
5875 North Loop
P. O. Box 2061
Houston, Texas 77001
December 1, 1974

Equipment Service, Inc.
40 Airport Road
Hartford, Connecticut 06114
April 1, 1975

E. & R. Trailer Sales, Inc.
R.R. #1
Middle Point, Ohio 45863
December 1, 1974

John Evens Manufacturing Co., Inc.
P. O. Box 669
Sumter, South Carolina 29150
January 1, 1975

Ewell Equipment Company, Inc.
307 N. Timberland Drive
Lufkin, Texas 75901
February 1, 1975

Fifth Wheel, Inc.
Box 15706
Tulsa, Oklahoma 74115
January 1, 1975

Fleet Equipment Company
10605 Harry Hines
P. O. Box 20578
Dallas, Texas 75220
December 1, 1974

The Flxible Company
326 - 332 N. Water Street
Loundonville, Ohio 44842
January 1, 1975

Ford Motor Company
The American Road
Dearborn, Michigan 48121
January 18, 1975

Fox Corporation
1111 W. Racine Street
Janesville, Wisconsin 53545
January 18, 1975

F & P Export Sales Corporation
F & P Truck & Trailer Equipment Div.
254-266 Central Avenue
Newark, New Jersey 07103
October 12, 1974

Freightliner Corporation
2525 S. W. Third Avenue
Portland, Oregon 97201
December 14, 1974

Fruehauf Corporation
10900 Harper Avenue
Detroit, Michigan 48232
December 1, 1974

FWD Corporation
105 East 12th Street
Clintonville, Wisconsin 54929
January 1, 1975

Gallagher's Tank & Equipment, Inc.
317 West Service Road
Hartford, Connecticut 06120
June 1, 1975

Peter Garafano & Son, Inc.
264 Wabash Avenue
Paterson, New Jersey 07503
June 4, 1974

General Motors Corporation
3044 West Grand Blvd.
Detroit, Michigan 48202
January 19, 1975

General Trailer Company, Inc.
546 W. Wilkins Street
Indianapolis, Indiana 46225
January 27, 1975

The Gertsenslager Company
1425 East Bowman Street
Wooster, Ohio 44691
July 1, 1974

Gidley-Eschenheimer Corporation
858 Providence Highway
Dedham, Massachusetts 02026
July 15, 1974

Gillig Brothers
25800 Clawiter Road
Hayward, California 94543
January 1, 1975

Gilson Brothers Company
P. O. Box 152
Plymouth, Wisconsin 53073
September 26, 1974

Gooch Brake and Equipment Company
531 Grand Avenue
Kansas City, Missouri 64106
January 11, 1975

The Greyhound Corporation
Greyhound Tower
Phoenix, Arizona 85077
(doing business as)
Motor Coach Industries, Inc.
Pembina, North Dakota 58271
& Transportation Manufacturing Corp
Roswell, New Mexico 88201
August 1, 1974

Hackney Bros. Body Company
P. O. Box 920
Wilson, North Carolina 27893
January 1, 1975

Harley-Davidson Motor Co., Inc.
3700 West Juneau Avenue
Milwaukee, Wisconsin 53201
April 1, 1975

Harris Rim & Wheel, Inc.
535 Murfreesboro Road
Nashville, Tennessee 37202
January 1, 1975

Heil Equipment Company of
Philadelphia, Inc.
1223 Ridge Pike
Conshocken, Pennsylvania 19428
January 1, 1975

Henrickson Manufacturing Company
8001 West 47th Street
Lyons, Illinois 60534
January 1, 1975

Herter's, Inc.
Route 1
Waseca, Minnesota 56093
May 15, 1975

The Hess & Eisenhardt Company
8959 Blue Ash Road
Cincinnati, Ohio 45242
January 9, 1975

Hews Body Company
190 Rumery Street
South Portland, Maine 04106
January 18, 1975

H. & H. Truck Tank Company, Inc.
745 Tonnele Avenue
Jersey City, New Jersey 07307
September 1, 1974

Highway Products, Inc.
789 Stow Street
Kent, Ohio 44240
March 27, 1975

Hobbs Equipment Company, Inc.
Keeler Avenue
Norwalk, Connecticut 06856
August 9, 1974

H.M. Howe Co. of New England, Inc.
93 Bucklin Street
Providence, Rhode Island 02907
December 12, 1974

O. G. Hughes & Sons, Inc.
4816 Rutledge Pike
Box 6277
Knowville, Tennessee 37914
January 1, 1975

International Harvester Company
401 North Michigan Avenue
Chicago, Illinois 60611
January 18, 1975

Iroquois Manufacturing Co., Inc.
Richmond Road
Hinesburg, Vermont 05461
July 1, 1974

Jamie E. Jacobs, Owner
New England Oil Burner Company
Vermont Chemicals
Bobcat Mfg. Company, Inc.
Colchester, Vermont 05446
and
Bobcat Mfg. Company, Inc.
P. O. Box 191
Johnston, Rhode Island 02910
January 8, 1975

Jeep Corporation
14250 Plymouth Road
Detroit, Michigan 48232
January 1, 1975

Kar-Go Manufacturing Center
of Michigan, Inc.
25701 Seeley Road
P. O. Box 324
Novi, Michigan 48050
November 1, 1974

Kay Wheel Sales Company
Van Kirk Street at State Road
Philadelphia, Pennsylvania 19135
January 1, 1975

Kelsey Hayes Company
Fabco Division
2249 Davis Court
Hayward, California 94545
September 1, 1974

L. W. Ledwell & Son, Inc.
P. O. Box 1106
Texarkana, Texas 75501
January 18, 1975

Leland Equipment Company
7777 E. 42nd Place South
Box 45128
Tulsa, Oklahoma 74145
January 18, 1975

Long Trailer Service, Inc.
P. O. Box 5105
102 Henerson Drive
Greenville, South Carolina 29606
January 1, 1975

Mack Trucks, Inc.
Box M
Allentown, Pennsylvania 18105
January 18, 1975

Madison Truck Equipment, Inc.
2410 S. Stoughton Road
Madison, Wisconsin 53716
October 22, 1974

Manning Equipment, Inc.
12000 Westport Road
P. O. Box 22266
Louisville, Kentucky 40222
April 16, 1975

Marmon Motor Company
Sub TIC Industries
P. O. Box 5175
Dallas, Texas 75222
January 1, 1975

Massey-Ferguson, Inc.
1901 Bell Avenue
Des Moines, Iowa 50315
and
Badger Northland Inc., a subsidiary
of Massey-Ferguson Inc.
215 West Second Street
Kaukauna, Wisconsin 54130
July 1, 1974

Maxon Industries, Inc.
1960 E. Slauson Avenue
Huntington Park, California 90255
August 16, 1974

Mercury Marine, Div. of Brunswick
Corporation
1939 Pioneer Road
Fond du Lac, Wisconsin 54935
June 24, 1974

Merit Tank & Body, Inc.
707 Gilman Street
Berkeley, California 94710
January 18, 1975

Mickey Truck Bodies, Inc.
P. O. Box 2044
High Point, North Carolina 27261
June 30, 1974

Middlekauff, Inc.
1615 Ketcham Avenue
Toledo, Ohio 43608
January 18, 1975

Mid West Truck Equipment Sales Corp.
640 East Pershing Road
Decatur, Illinois 62526
February 22, 1975

Miller Trailers, Inc.
443 Chestnut Street
Oneonta, New York 13820
May 1, 1975

Moline Body Company
222 - 52nd Street
Moline, Illinois 61265
January 6, 1975

Monon Trailer
(a Div. of Evans Products Co.)
P. O. Box 655
Monon, Indiana 47959
April 8, 1975

Moore and Sons, Inc.
2900 Airways Blvd.
Memphis, Tennessee 38130
January 1, 1975

MTD Products, Inc.
5389 West 130th Street
P. O. Box 2741
Cleveland, Ohio 44111
September 15, 1974

Murphy Body Distributors, Inc.
310 Herring Avenue
Wilson, North Carolina 27893
November 22, 1974

Mutual Wheel Company
2345 - 4th Avenue
Moline, Illinois 61265
February 20, 1975

Nabors Trailers, Inc.
P. O. Box 979
Mansfield, Louisiana 71052
January 1, 1975

Neil's Automotive Service, Inc.
167 E. Kalamazoo Avenue
Kalamazoo, Michigan 49006
January 1, 1975

Nelson Manufacturing Company
Route 1, Box 90
Ottawa, Ohio 45875
January 18, 1975

Ohio Body Manufacturing Company
Main Street
New London, Ohio 44851
January 1, 1975

Ohio Truck Equipment Inc.
4100 Rev Drive
Cincinnati, Ohio 45232
January 1, 1975

Olson Bodies, Inc.
600 Old Country Road
Garden City, New York 11530
November 1, 1974

Olson Trailer & Body Builders Co.
2740 South Ashland Avenue
P. O. Box 2445
Green Bay, Wisconsin 54306
January 18, 1975

Oshkosh Truck Corporation
2307 Oregon Street
Oshkosh, Wisconsin 54901
January 18, 1975

Outboard Marine Corporation
100 Sea Horse Drive
Waukegan, Illinois 60085
January 1, 1975

PACCAR, Inc.
d/b/a Kenworth Truck Company
Peterbilt Motors Company
P. O. Box 1518
Bellevue, Washington 98009
January 18, 1975

Palmer Spring Company
355 Forest Avenue
Portland, Maine 04101
January 18, 1975

Palmer Spring Company
399 Willow Street
Manchester, New Hampshire 03103
November 4, 1974

Palmer Trailer Sales Co., Inc.
162 Park Street
Palmer, Massachusetts 01069
January 18, 1975

Peerless Division
Royal Industries, Inc.
18205 S.W. Boones Ferry Road
P. O. Box 447
Tualatin, Oregon 97062
January 8, 1975

Perfection Equipment Company
5100 West Reno
Oklahoma City, Oklahoma 73107
January 12, 1975

Petroleum Equipment & Supply
Co., Inc.
321 Forbes Avenue
New Haven, Connecticut 06512
September 27, 1974

Phoenix Manufacturing, Inc.
374 West Union Street
Nanticoke, Pennsylvania 18634
February 20, 1975

Polaris Div. of Textron, Inc.
1225 N. County Road 18
Minneapolis, Minnesota 55427
August 3, 1974

C. E. Pollard Company
13575 Auburn Avenue
Detroit, Michigan 48223
July 27, 1974

Power Brake Company, Inc.
1506 W. Morehead Street
Charlotte, North Carolina 28201
January 17, 1975

Power Brake Service & Equipment
Co., Inc.
1022 Carnegie Avenue
Cleveland, Ohio 44115
October 21, 1974

Providence Body Company
750 Wellington Avenue
Cranston, Rhode Island 02910
June 1, 1975

Quality Truck Equipment Company
Route 66 and Mercer Avenue
P. O. Box 420
Bloomington, Illinois 61701
November 15, 1974

Recreatives Limited
30 French Road
Buffalo, New York 14227
July 13, 1974

Reliable Spring Company, Inc.
10557 S. Michigan Avenue
Chicago, Illinois 60628
January 20, 1975

Roanoke Welding Company
P. O. Box 4373
Roanoke, Virginia 24015
January 1, 1975

RO Products, Inc.
550 East Highway 56
Olathe, Kansas 66061
December 1, 1974

Rowland Truck Equipment, Inc.
2900 Northwest 73rd Street
P. O. Box 47-398
Miami, Florida 33147
November 19, 1974

Rupp Industries, Inc.
1776 Airport Road
Mansfield, Ohio 44901
January 20, 1975

Ryder Truck Rental, Inc.
2770 Bluff Road
Indianapolis, Indiana 46225
January 1, 1975

Schien Body and Equipment Co., Inc.
North on University
Carlinville, Illinois 62626
January 18, 1975

Bob Schmidt Chevrolet, Inc.
P. O. Box 600
1425 Reynolds Road
Maumee, Ohio 43537
May 1, 1975

Schweigers, Inc.
South Highway 81
Watertown, South Dakota 57201
January 18, 1975

Scientific Brake & Equipment Co.
314 W. Genesee Avenue
Saginaw, Michigan 48602
January 19, 1975

Scorpion, Inc.
Box 300
Crosby, Minnesota 56441
April 29, 1975

Sharpsville Steel Equipment Co.
6th & Main Street
Sharpsville, Pennsylvania 16150
January 2, 1975

SMI (Watertown), Inc.
Purdy Avenue
Watertown, New York 13601
August 1, 1974

Smith-Moore Body Company, Inc.
P. O. Box 27287
Richmond, Virginia 23261
January 18, 1975

South Florida Engineering, Inc.
P. O. Box 11927
5911 E. Buffalo Avenue
Tampa, Florida 33610
July 2, 1974

Southwest Truck Body Company
200 Sidney Street
St. Louis, Missouri 63104
February 11, 1975

Spurgeon Design
Route 1, Box 204
Dassel, Minnesota 55325
April 18, 1975

SS Automobiles, Inc.
1735 South 106th Street
Milwaukee, Wisconsin 53215
May 22, 1975

Steffen, Inc.
623 West 7th Street
Sioux City, Iowa 51103
November 4, 1974

Superior Lima Division
Sheller-Globe Corporation
1200 East Kibby Street
Lima, Ohio 45802
March 20, 1975

Syracuse Auto Parts, Inc.
120 N. Geddes Street
Syracuse, New York 13204
January 18, 1975

Thiokol Corporation
Logan Division
2503 North Main Street
Logan, Utah 84321
January 15, 1975

Thomas Built Buses, Inc.
1408 Courtesy Road
P. O. Box 1849
High Point, North Carolina 27261
August 1, 1974

Transport Equipment Company
3400 - 6th Avenue, South
Seattle, Washington 98134
January 18, 1975

Truck Equipment Company, Inc.
1911 S. Washington Street
Peoria, Illinois 61602
January 18, 1975

Truck Equipment, Inc.
680 Potts Avenue
Green Bay, Wisconsin 54304
January 18, 1975

E.M. Trucks, Inc.
3101 W. Superior Street
Duluth, Minnesota 55806
November 22, 1974

Truck Parts & Equipment, Inc.
4501 West Esthner
Wichita, Kansas 67209
November 11, 1974

Truck & Transportation
Equipment Co., Inc.
260 Industrial Avenue
P. O. Box 10455
Jefferson, Louisiana 70181
January 1, 1975

Tuff Boy, Inc.
5151 E. Almondwood Drive
Manteca, California 95336
January 1, 1975

Union City Body Company, Inc.
1015 West Pearl Street
Union City, Indiana 47390
August 15, 1974

Unit Rig & Equipment Company
P. O. Box 3107
Tulsa, Oklahoma 74101
January 1, 1975

Vulcan Trailer Mfg. Company
1321 - 3rd Street, Ensley
Birmingham, Alabama 35214
December 1, 1974

Walter Motor Truck Company
Voorheesville, New York 12186
April 29, 1975

The Warner & Swasey Company
Duplex Division
830 East Hazel Street
Lansing, Michigan 48909
April 1, 1975

Wayne Corporation
an Indian Head Company
P. O. Box 1447
Industries Road
Richmond, Indiana 47374
October 31, 1974

Westinghouse Air Brake Company
Construction & Mining Equip. Group
2301 N.E. Adams Street
Peoria, Illinois 61639
February 1, 1975

Weston Equipment Company, Inc.
130 Railroad Hill Street
Waterbury, Connecticut 06708
January 3, 1975

White Motor Corporation
100 Erieview Plaza
Cleveland, Ohio 44114
January 18, 1975

White Trucks & Equipment Sales, Inc.
2401 Dinneen Avenue
P. O. Box 7185
Orlando, Florida 32804
December 1, 1974

Winnebago Industries, Inc.
P. O. Box 152
Jct. Highways 9 & 69
Forest City, Iowa 50436
March 19, 1975

Wollard Aircraft Equipment, Inc.
6950 N. W. 77th Court
Miami, Florida 33166
December 1, 1974

Wyman's Inc.
Northfield Road
Box 541
Montpelier, Vermont 05602
June 1, 1975

Young Ottawa, Inc.
Gulf & Western Manufacturing Co.
1175 North Main Street
Bowling Green, Ohio 43402
January 1, 1975

Young Ottawa, Inc.
A Gulf & Western Manufacturing Co.
1313 North Hickory Street
Ottawa, Kansas 66067
January 1, 1975

APPENDIX E

COMPANIES LISTED BY THE CANADIAN GOVERNMENT AS MOTOR VEHICLE
MANUFACTURERS as of April 14, 1975

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Almac Metalcraft Inc., Ville D'Anjou, P.Q.	Specified Commercial Vehicles
Amalgamated Metal Industries Ltd., Toronto, Ont.	Specified Commercial Vehicles
Atlas Hoist & Body Incorporated, Montreal, P.Q.	Specified Commercial Vehicles
Belgium Standard Industries, (Ontario) Ltd., Waterloo, Ontario	Specified Commercial Vehicles
B.K.&B. Truck Bodies Limited, London, Ont.	Specified Commercial Vehicles
Babcock J.H. & Sons Limited, Odessa, Ont.	Specified Commercial Vehicles
Brown H.E. Supply Co., Ltd., North Bay, Ont.	Specified Commercial Vehicles
Canadian Blue Bird Coach Ltd., Brantford, Ont.	Buses
Canadian Trailmobile Limited, Brantford, Ont.	Specified Commercial Vehicles
Chrysler Canada Ltd., Windsor, Ont.	Automobiles, Buses and Specified Commercial Vehicles
J.H. Corbeil Limited, St. Lin, Quebec.	Buses
Diesel Equipment Limited, Toronto, Ont.	Specified Commercial Vehicles
Eastern Steel Products Company, Preston, Ont.	Specified Commercial Vehicles
Edmonton Truck Body Ltd., Edmonton, Alta.	Specified Commercial Vehicles
EGW Limited, Chambly, P.Q.	Specified Commercial Vehicles

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Fleet Truck Bodies Inc., Montreal, P.Q.	Specified Commercial Vehicles
Flyer Industries Ltd., Winnipeg, Man.	Specified Commercial Vehicles
Fort Garry Automotive Industries, Winnipeg, Man.	Specified Commercial Vehicles
Ford Motor Company of Canada, Ltd., Oakville, Ont.	Automobiles, Buses and Specified Commercial Vehicles
Freightliner of Canada Ltd., Burnaby, B.A.	Specified Commercial Vehicles
G & G Welding Ltd., Ville St. Leonard, P.Q.	Specified Commercial Vehicles
General Motors of Canada, Ltd., Oshawa, Ont.	Automobiles, Buses and Specified Commercial Vehicles
Hutchinson Industries, Lownsvievw, Ont.	Specified Commercial Vehicles
Ideal Body Ltd., Quebec, P.Q.	Specified Commercial Vehicles
International Harvester Co. of Canada, Limited, Hamilton, Ont.	Buses and Specified Commercial Vehicles
Jauvin Truck Bodies Limited, Ottawa, Ont.	Specified Commercial Vehicles
Lacasse, V. Ltee., Montreal, P.Q.	Specified Commercial Vehicles
Latrochelle, Phil Equipment Inc., Quebec, P.Q.	Specified Commercial Vehicles
Mond Industries Limited, Toronto, Ont.	Specified Commercial Vehicles
Multi-Vans Limited, Woodbridge, Ont.	Specified Commercial Vehicles
Olsen, W.H. Manufacturing Co.,Ltd., Tilbury, Ont.	Specified Commercial Vehicles
Prevost Car Inc., Ste. Claire, (Dorchester Co.) P.Q.	Buses

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Reliance Truck & Equipment Ltd., Vancouver, B.C.	Specified Commercial Vehicles
Sicard Inc., Montréal, P.Q.	Specified Commercial Vehicles
Smith Bros. Motor Bodies Ltd., Don Mills, Ont.	Specified Commercial Vehicles
Swartz Motor Bodies Ltd., Toronto, Ont.	Specified Commercial Vehicles
Thomas Built Buses of Canada Ltd., Woodstock, Ont.	Buses
Universal Sales Limited, Saint John, N.B.	Specified Commercial Vehicles
Volvo (Canada) Ltd., Toronto, Ont.	Automobiles
Welles Corporation Ltd., Windsor, Ont.	Buses
Wilson's Truck Body Shop Ltd., Truro, N.S.	Specified Commercial Vehicles

PERSONS DESIGNATED UNDER PARAGRAPH 2(3) OF THE
MOTOR VEHICLES TARIFF ORDER OF 1965

<u>Name and Location</u>	<u>Designated by:</u>
Atlantic Truck Manufacturing Ltd., Saint John, N.B.	Universal Sales Limited, Saint John, N.B.
Breadner Trailer Sales, Kitchener, Ont.	Canadian Trailmobile Limited, Brantford, Ont.
Canadian Blue Bird International, Inc. Brantford, Ont.	Canadian Blue Bird Coach Ltd., Brantford, Ontario
Canadian Kenworth Limited, Burnaby, B.C.	Sicard Inc., Montreal, P.Q.
Chrysler Truck Centre Ltd., Rexdale, Ont.	Chrysler Canada Ltd., Windsor, Ont.
Chrysler Truck Centre Ltd., Hamilton, Ont.	Chrysler Canada Ltd., Windsor, Ont.
Chrysler Truck Centre Ltd., Dorval, P.Q.	Chrysler Canada Ltd., Windsor, Ont.
Chrysler Truck Centre Ltd., Winnipeg, Man.	Chrysler Canada Ltd., Windsor, Ont.
Hayes Truck Limited, Vancouver, B.C.	Sicard Inc., Montreal, P.Q.
S M I Industries Montreal, Quebec.	Sincard Inc. Montreal, Quebec.
White Motor Corporation of Canada Ltd., Toronto, Ont.	Freightliner of Canada Limited, Burnaby, B.C.

COMPANIES OPERATING UNDER SPECIAL ORDERS-IN-COUNCIL

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Alforge Metals Corporation Ltd., Orangeville, Ontario.	Specified Commercial Vehicles
American Motors (Canada) Ltd., Brampton, Ontario.	Automobiles
Canadian Motor Industries Ltd., Scarborough, Ontario.	Automobiles
Consolidated Dynamics Limited, Buttonville, Ontario.	Specified Commercial Vehicles (crane carriers)
Crane Carrier Canada Ltd., Rexdale, Ontario.	Specified Commercial Vehicles (crane carriers)
International Harvester Co. of Canada Ltd., Hamilton, Ontario.	Automobiles (Travelalls) Specified Commercial Vehicles
Mack Trucks Canada Ltd., Toronto, Ontario.	Specified Commercial Vehicles
Motor Coach Industries Ltd., Winnipeg, Manitoba	Buses
Rubber Railway Co. Ltd., Preston, Ontario.	Specified Commercial Vehicles (carriers for concrete mixers)
Soma Inc., St. Bruno De Montarville, P.Q.	Automobiles
Teal Manufacturing Ltd., Windsor, Ontario.	Specified Commercial Vehicles
Truck Equipment & Service Co., Agincourt, Ontario.	Specified Commercial Vehicles
Universal Handling Equipment Co., Hamilton, Ontario.	Specified Commercial Vehicles
Champion Truck Bodies Ltd., Montreal, Que.	Specified Commercial Vehicles
Walter Motor Trucks of Canada Ltd., Almonte, Ontario.	Specified Commercial Vehicles

<u>Name and Location</u>	<u>Considered as Manufacturers of:</u>
Westank Industries Ltd., Regina, Saskatchewan.	Specified Commercial Vehicles
Wheels, Brakes and Equipment Ltd., Hamilton, Ontario.	Specified Commercial Vehicles
Hal-Vey Industries Ltd., Calgary, Alberta	Specified Commercial Vehicles
Sheller-Globe Manitoba Limited Morris, Manitoba.	Specified Commercial Vehicles
Euclid-Canada (Division of White Motor Corp.) Guelph, Ontario.	Off Highway Vehicles
General Motors Diesel Division London, Ontario.	Off Highway Vehicles
Hayes Trucks Ltd., Vancouver, B.C.	Off Highway Vehicles
Pacific Truck & Trailer Ltd. (Designated by International Harvester) North Vancouver, B.C.	Off Highway Vehicles
Sicard Inc. Montreal, Quebec.	Off Highway Vehicles
Canadian Kenworth Ltd. (Designated by Sicard) Burnaby, B.C.	Off Highway Vehicles
Unit Rig & Equipment (Canada) Ltd. Niagara Falls, Ontario	Off Highway Vehicles
Vabco Equipment Canada Ltd. Paris, Ontario	Off Highway Vehicles