



CANADA - UNITED STATES

Free Trade Agreement

Trade between Canada and the United States in automotive vehicles and parts accounts for over (U.S.) \$46 billion. This is the largest single sector of bilateral trade.

It is also the sector where the two countries have had free trade under a separate agreement—the Auto Pact—since 1965.

The Free Trade Agreement, in effect, incorporates the Auto Pact, but with some very significant improvements.

To take one example, the rule of origin—specifying the level of Canadian or U.S. content to be achieved—has been changed, so that a significantly higher level of content will be necessary for automotive products to qualify for tariff-free treatment.

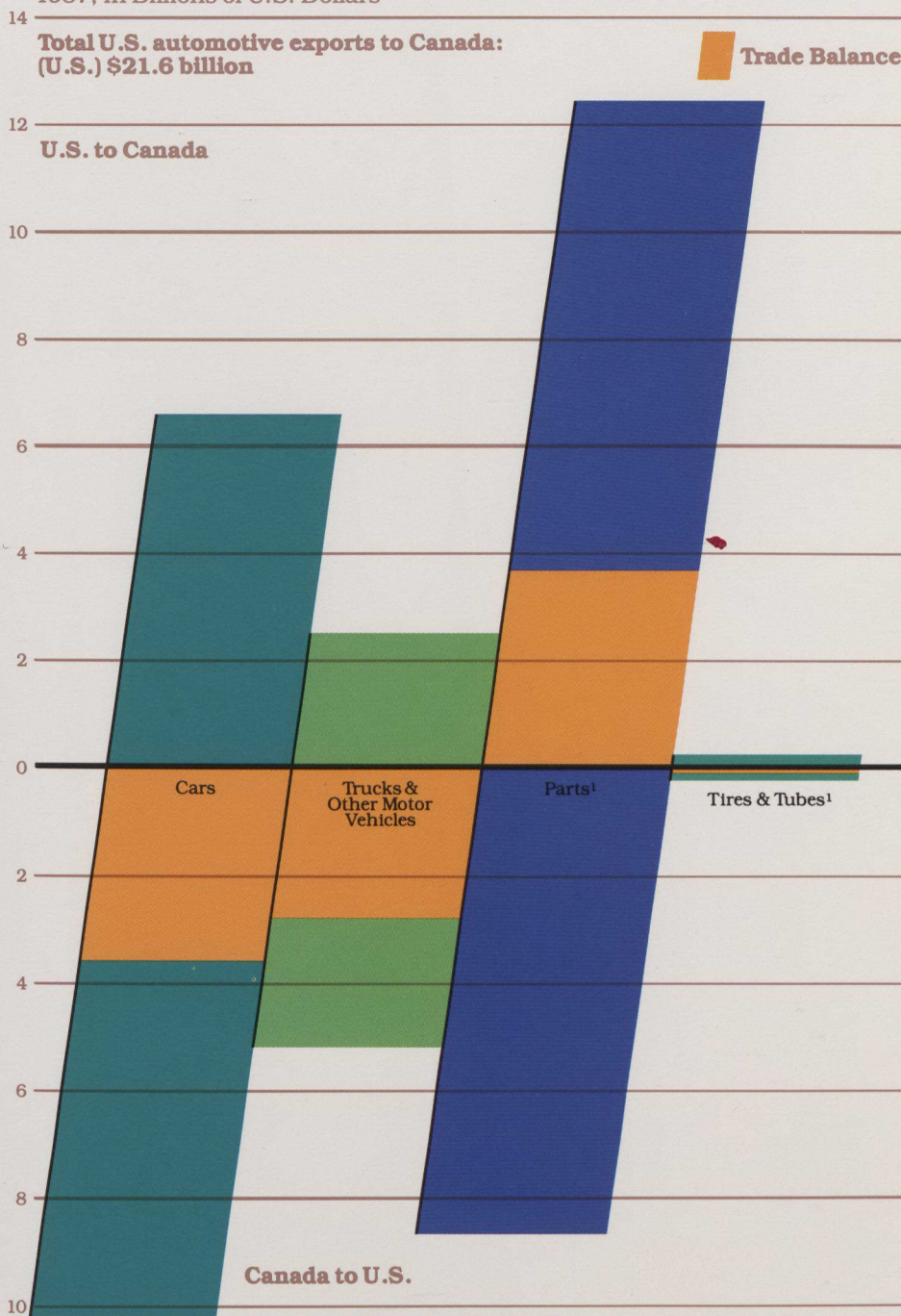
All tariffs in the automotive sector, including vehicles, original equipment parts and replacement parts, will disappear. Canada's embargo on used cars will be eliminated over five years.

Canada has also agreed to phase out all its duty remission programs and to



CANADA-U.S. TRADE IN AUTOMOTIVE PRODUCTS

1987, In Billions of U.S. Dollars



Total U.S. automotive imports from Canada: (U.S.) \$24.6 billion

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¹Aftermarket parts (for repair or replacement), an estimated 10 percent of the total parts trade, and tires and tubes, are not included under the Auto Pact. U.S. exports to Canada under the Pact total approximately \$20.2 billion and U.S. imports from Canada, approximately \$22.8 billion.

Source: Statistics Canada. Figures are based on import statistics of each country.