

Impact on Canadian Exporters

This decision is a key one for CAMI, the General Motors/Suzuki joint venture located in Ingersoll, Ontario, and will help the company to qualify its products for FTA tariff treatment on export to the U.S. However, this decision does not mean that CAMI's vehicles will necessarily qualify for FTA tariff treatment. That will depend on the outcome of the current U.S. Customs FTA audit of CAMI's exports.

The issue is also an important step down the road toward a positive resolution of the Honda issue. The panel's comments on the meaning of the term 'direct cost of processing,' as it is defined in the FTA, addresses one of the issues that have arisen in the Honda audit. However, there are other major issues yet to be resolved in that case. Canada is pursuing those other issues with equal vigour in a separate Chapter 18 proceeding under the FTA.

The importance of the decision is not restricted to the auto sector. The provisions of the FTA rules of origin that were in dispute are of general application and apply to a broad range of industry sectors, not just the automotive sector. This is a significant decision, in terms of protecting the rights of Canadian exporters under the FTA.