

auto makers to buy Canadian content, by netting out the value of that content from the dutiable value of the car maker's shipments to Canada. The 11 percent plus Canadian tariff makes this a valuable incentive.

In a 1981 spin-off of this program, Canada offered Volkswagen (VW) duty free importation of cars into Canada in exchange for their manufacture of parts in Canada for export to VW's U.S. assembly plants. That plan was cut short by the auto making depression and the deep plunge in VW's equipment demands.

Finally, Canada's 1983 Private Sector Task Force on the Motor Vehicle and Parts Industries named a domestic content requirement as the cornerstone of its recommendations to the federal government. The task force proposal effectively would broaden the Auto Pact content stipulations to apply to Japanese and other foreign vehicle producers who market cars in Canada.

In the U.S., APAA has worked with the Department of Commerce (DOC) and the Office of U.S. Trade Representative (USTR) to begin development of our own program for the aftermarket. While we have joined Administration ranks in denouncing domestic content as bad economics that would threaten both short-term and long-term industry vitality, we still hope to gain Administration support for the Automotive Products Export Council (APEC)-developed Parts Purchase Incentive Plan, tailored after the Canadian duty remission program.

The linchpin of the U.S. parts program is the industry/government Japan Initiative to crack Japanese car company-controlled markets. Through the exchange of buying and selling missions, already begun at the recent APAA Show, and the creation of a bilateral Trade Facilitation Committee (TFC) to help smooth the rough edges in private contract talks, we have a program to build American supplier opportunities wherever Japan builds and sells cars.

Clearly our policy objectives differ -- Canadian industry support of domestic content versus the U.S. industry/government market opening initiative, preferably assisted by the leverage that our Parts Purchase Incentive Plan would provide. The bottom line is the same, however, as both industries work feverishly to develop new customers -- namely Japanese car makers -- to supplant the sagging parts demand of traditional Big Four customers.

While we have no quarrel with healthy competition, we must object to the playing field being tipped to Canada's advantage. We cite the well-reported Canadian government bounties to lure new Japanese supplier investment to Canada. In fact, it was Canadian government seed money that helped found Pacific Automotive Co-operation, Inc.