

Minister for
International
Trade



Ministre du
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extérieur

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MINISTER RESPONDS TO RECOMMENDATION BY
THE FTA AUTOMOTIVE SELECT PANEL

International Trade Minister John C. Crosbie said today that Canada would not agree to raise the rule of origin requirement for duty-free automotive trade between Canada and the U.S. unless it clearly benefitted the Canadian industry and improved its competitiveness.

Mr. Crosbie was responding to a recommendation issued today by the Automotive Select Panel to increase the rule of origin from 50 per cent to 60 per cent. The government is under no obligation to implement the recommendation.

"We see no obvious advantage to Canada in implementing the Panel's recommendation in isolation," said Mr. Crosbie. "The Panel's study, as well as our own analysis, concludes that most of the costs of increasing the content rule will fall on Canada while most of the benefits will be reaped by the United States."

A significant number of Canadian members have indicated similar concerns about the impact on the Canadian automotive industry. Many did not support the recommendation to increase the content rule or expressed qualified support for it.

Mr. Crosbie welcomed the Panel's launch of a study on ways to improve the global competitiveness of the North American industry. Mr. Crosbie said the study continues to be Canada's priority and looks forward to its findings. "It would be premature to consider any changes to automotive policies piecemeal, including the 50/60 issue, without hearing the Panel's views on global competitiveness," added Mr. Crosbie.

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The Automotive Select Panel is a binational private sector advisory group established under the Canada-U.S. Free Trade Agreement. Its mandate is to assess the state of the North American auto industry and to propose public policy measures and private sector initiatives that will improve the industry's competitiveness in domestic and foreign markets.

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