

No. 8772

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**UNITED STATES OF AMERICA  
and  
CANADA**

**Agreement concerning automotive products (with annexes  
and exchange of notes). Signed at Johnson City, on  
16 January 1965**

*Official texts of the Agreement and of the annexes: English and French.*

*Official text of the notes: English.*

*Registered by the United States of America on 29 September 1967.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
CANADA**

**Accord concernant les produits de l'industrie automobile  
(avec annexes et échange de notes). Signé à Johnson  
City, le 16 janvier 1965**

*Textes officiels de l'Accord et des annexes: anglais et français.*

*Texte officiel des notes: anglais.*

*Enregistré par les États-Unis d'Amérique le 29 septembre 1967.*

No. 8772. AGREEMENT<sup>1</sup> CONCERNING AUTOMOTIVE PRODUCTS BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA. SIGNED AT JOHNSON CITY, ON 16 JANUARY 1965

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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;

Agree 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;

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<sup>1</sup> Came into force provisionally on 16 January 1965, the date of signature and definitively on 16 September 1966, the date upon which notes were exchanged between the two Governments giving notice that appropriate action in their respective legislatures had been completed, in accordance with article VI.

- (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<sup>1</sup> 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 its obligations under Part II of the General Agreement on Tariffs and Trade.<sup>2</sup>

### *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

<sup>1</sup> January 18, 1965 (information provided by the Government of the United States of America).

<sup>2</sup> United Nations, *Treaty Series*, Vol. 55, p. 187; for subsequent actions relating to this Agreement, see references in Cumulative Indexes Nos. 1 to 7, as well as Annex A in volumes 551, 557, 567, 570, 572, 590, 591, 595 and 596.

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.<sup>1</sup>

#### *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 :

Lyndon B. JOHNSON

Dean RUSK

For the Government of Canada :

Lester B. PEARSON

Paul MARTIN

<sup>1</sup> Definitively September 16, 1966 (information submitted by the Government of the United States of America).

## 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 parts 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 the 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.

## EXCHANGE OF NOTES

## I

*The Secretary of State to the Canadian Ambassador*

DEPARTMENT OF STATE

WASHINGTON

March 9, 1965

Excellency :

I have the honor to refer to the Agreement concerning Automotive Products between the Government of the United States of America and the Government of Canada signed on January 16, 1965.

It is the understanding of my Government that automobile truck tractors are included within the articles to be accorded duty-free entry by our two Governments pursuant to Article II and the Annexes of the Agreement.

I have further the honor to request you to confirm the foregoing understanding on behalf of the Government of Canada.

Accept Excellency, the renewed assurance of my highest consideration.

For the Secretary of State :

G. Griffith JOHNSON

His Excellency the Right Honorable  
Charles S. A. Ritchie  
Ambassador of Canada

## II

*The Ambassador of Canada to the Secretary of State*

CANADIAN EMBASSY

WASHINGTON, D.C.

No. 98

March 9, 1965

Sir,

I have the honor to acknowledge receipt of your Note of March 9, 1965, which reads as follows :

[See note I]

I have further the honor to confirm the foregoing understanding on behalf of the Government of Canada.

Please accept, Sir, the renewed assurances of my highest consideration.

C. S. A. RITCHIE

[SEAL]

The Honorable Dean Rusk  
The Secretary of State  
Washington, D.C.

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