Having been notified that the Governments of the United States of America and Canada concluded on 16 January 1965 an agreement providing for duty-free treatment for trade in automotive products between their two countries;

Having received the request of the Government of the United States for a waiver in accordance with paragraph 5 of Article XXV of the General Agreement.

Considering that the automotive industries of the United States and Canada are characterized by an exceptionally high degree of integration, and

Considering that, by reason of the close similarity of market conditions in the two countries and the close relationship which exists and could be further developed in their production facilities of automotive products, there are special factors which offer exceptional opportunities to rationalize the production of automotive products in the two countries, to integrate productive facilities and to increase the efficiency of United States/Canadian automotive production;

Considering moreover that the Government of the United States accepts that the facilities granted in paragraph 1 below should not be used in a way to prejudice the interests of other contracting parties and that it is not its intention to cause imports into the United States market of automotive products imported from Canada to replace imports of like products from other sources;

Taking note of the declaration of the Governments of the United States and Canada that they will continue their efforts to seek reduction or elimination of tariff and non-tariff barriers to the expansion of international trade in automotive products; and
Noting, furthermore, the assurances given by the Government of the United States that it will, upon request, promptly enter into consultations with any contracting party to the GATT considering that the elimination of United States duties on Canadian automotive products is causing or imminently threatening to cause a significant increase of imports of such products from Canada at the expense of imports from the requesting contracting party;

THE CONTRACTING PARTIES

Decide, in accordance with paragraph 5 of Article XXV of the General Agreement, as follows:

1. The Government of the United States, notwithstanding the provisions of paragraph 1 of Article I of the General Agreement, the customs duties at present imposed on the automotive products of Canada without being required to extend the same tariff treatment to like products of any other contracting party.

2. The Government of the United States shall enter into consultations with any contracting party that requests consultation on the grounds (i) that it has a substantial interest in the trade in an automotive product in the United States market, and (ii) that the elimination of customs duties by the United States on imports of that automotive product from Canada has created or imminently threatened to create a significant diversion of imports of that automotive product from the requesting contracting party to imports from Canada.

3. If, in consultations in accordance with paragraph 2 above, it is agreed there is no significant diversion or imminent threat of diversion of trade in the sense of that paragraph, the waiver shall continue to apply.

4. In the event the parties of consultation in accordance with paragraph 2 above agree there has been a significant diversion or imminent threat of diversion of trade, the waiver shall terminate in accordance with paragraph 5, with respect to the automotive product or products in question. If the parties to consultation fail to reach agreement, either may refer the question whether the requesting
party has a substantial interest or whether there has been a significant
diversion or imminent threat of diversion of trade to the CONTRACTING PARTIES.
If the CONTRACTING PARTIES decide that the requesting country has a substantial
interest and that there has been a significant diversion or imminent threat of
diversion of trade, the waiver shall terminate in accordance with paragraph 5,
with respect to the automotive product in question.

5. Any termination of this waiver pursuant to paragraph 4 shall take effect
on the ninetieth day after agreement by the parties to consultation or after a
finding by the CONTRACTING PARTIES with respect to diversion or imminent threat
of diversion of trade unless the requesting party has withdrawn its request prior
to that time.

6. Two years from the date when this waiver comes into force and biennially
thereafter, if necessary, the CONTRACTING PARTIES will review its operation
and consider how far in the circumstances then prevailing the United States
would continue to need cover to implement the agreement with Canada, having
regard to the provisions of paragraph 1 of Article I of the GATT.

7. For the purposes of this Decision, the phrase "automotive product" or
"automotive products" shall mean a product or products, as described in the
Tariff Schedules of the United States, listed in the Annex hereto.