Rip-off USA: the North American car market

Brian Osler reveals major price differences between cars in Canada and the US and calls for regulatory change to open up the North American market

ABSTRACT
Motor vehicles in Canada typically cost between 20 and 35 per cent less than in the US. Yet, while legal and regulatory barriers to arbitrage have been dismantled, cross-border trade is still comparatively rare. Manufacturers are employing a range of punitive tactics to discourage Canadian dealers from selling to US consumers. Continued price differences across all makes and models hint at industry collusion. Competition regulators should follow the EU lead and offer consumers a better deal in the car market.

As part of their regulatory make-up, most modern economies are characterised by laws and regulations designed to foster and protect competition. While the aims of competition law may vary somewhat, it is generally the case that competition is encouraged because it furthers multiple interests, including consumer welfare.

The actual relationship between competition policy and consumer welfare is complex and multifaceted and few countries have policies that call for an outright ban on all restrictions to competition. Indeed, in some instances, consumer welfare can even be enhanced through specific limitations.

It has long been argued that the car market is one where all parties, from dealers to consumers, benefit from certain restrictions and barriers to competition. This article examines the car market in North America, where US consumers consistently pay more than their Canadian counterparts, and asks who is really benefiting from existing obstacles to free trade.

The European car market

In the case of the European Union, the European Community Treaty contains a general provision to prohibit agreements that have anti-competitive effects[1]. While this provision is drawn broadly and with the intent of ensuring that the much-cherished Single Market functions in reality, the Treaty contains a further provision allowing companies to enter into anti-competitive agreements in certain circumstances[2]. This provision led to a series of Block Exemptions that covered such sectors as civil aviation interlining, perfume sales and the distribution of new cars[3]. In this exemption process, vehicle manufacturers were permitted to grant exclusive sales territories to their distributors and, in effect, to prohibit dealers in different territories from competing with each other.

These anti-competitive agreements effectively prevented consumers within the European Union from exercising their right to purchase vehicles in other Member States. Ultimately, the European Commission (EC) found that these anti-competitive agreements were not operating in the best interests of consumers. The Commission found that prices on identical vehicles differed by as much as 42 per cent from one Member State to the next[4]. The exclusive territories maintained by dealers were preventing consumers from taking advantage of these cross-border price discrepancies.

Despite enjoying rules that allowed them to effectively segment the market, manufacturers have been repeatedly fined for price fixing and creating impediments to cross-border sales in Europe. For example, the European Commission fined DaimlerChrysler AG €71.825 million in October 2001 because it had engaged in a series of anti-competitive actions. DaimlerChrysler had instructed its German dealers not to sell outside defined territories and had also imposed different sales terms on foreign purchasers in Germany. The European Commission further determined that DaimlerChrysler had limited sales to leasing companies and prevented them from competing with its own leasing operations in violation of the regulation that allows anti-competitive agreements. Finally, DaimlerChrysler was found to have engaged in price fixing in Belgium by participating in an arrangement to place restrictions on rebates provided by dealers to consumers.

The European Commission has punished other manufacturers for similar offenses. Volkswagen AG was fined €90 million in January 1998, and €30.96 million in May 2001. Opel Nederland BV and General Motors Nederland BV were fined €43 million in September 2000.

The Commission was finally compelled, in the wake of this litany of anti-competitive arrangements, to adopt new regulations for vehicle distribution. The new rules, which are to be phased in over the next five years, came into effect on 1 October 2002 and are designed to foster price competition by protecting consumer rights to cross-border shopping[5]. They remove a tremendous amount of control over vehicle distribution from manufacturers and limit their influence over repair work and vehicle servicing. The new regulations represent a dramatic change that will reshape the way cars are sold in Europe.

The North American situation

Both North American consumers and the automotive industry have reason to take close note of the long-awaited changes in Europe. Put simply, this is because manufacturers employ in North America the very same anti-competitive agreements and policies that led to the prosecutions in Europe for price fixing and related offenses.

For example, if one examines the issue of price discrimination between countries, the cause of so much debate in Europe, we find a remarkable parallel between the USA and Canada. To illustrate the pricing discrepancies between the two countries, the manufacturer's suggested retail price (MSRP) – that is the recommended price at the point of sale to the consumer – for a 2002 Toyota Corolla CE in Canada is US$9,947[6]. The MSRP on the same vehicle in the United States is US$12,568. What is perhaps most remarkable is that this Canadian recommended consumer price is approximately US$1,500 less than the price a dealer would pay to buy the vehicle from the manufacturer in the United States. In aggregate terms, vehicles are typically priced 20 to 35 per cent lower in Canada and these price differences extend to all vehicle types and classes.

It is important to bear in mind that cars sold in Canada are virtually identical to those sold in the United States. For example, Canada and the United States have identical emissions standards[7], and Canadian safety standards are essentially equivalent to those in the US. For those minor differences that do exist, most vehicles distributed in either country can be easily modified to bring them into full compliance with the standards of the other country. Indeed, in most cases, the only change required to import a Canadian vehicle into the United States is conversion of the odometer and speedometer from metric to imperial markings. This is a 'problem' familiar to European consumers who import vehicles from Japan, a significant trade for some niche vehicles. Both relevant transport regulators, Transport Canada and the United States Department of Transportation, have well-established programs to certify the compliance of all imported vehicles to all national standards.

If one accepts that the cars sold in Canada and the USA are identical or easily adaptable, then one has to ask why the price differences occur; or perhaps more importantly, why cross border arbitrage does not erode any price differences. There are essentially two routes to answering this question – government regulation that restricts trade and arbitrage or corporate activity that takes its place.

If one looks at the role of government, one can see that historically there have indeed been regulatory barriers preventing American consumers from buying less expensive Canadian vehicles. However, most of these barriers have been eliminated in recent years. In 2000, the United States Treasury Department confirmed the rights of consumers and non-manufacturers to import vehicles into the United States on a duty-free basis under the North American Free Trade Agreement (NAFTA)[8]. The United States Supreme Court removed another substantial regulatory obstacle in 1998 when it confirmed that United States trademark law did not preclude cross-border vehicle purchases.[9]

As these barriers to trade were removed, the volume of Canadian vehicles sold to Americans predictably began to rise. In the mid-1990s, American consumers bought only 15,000 Canadian vehicles each year[10]. In 2001, 200,074 foreign vehicles were imported into the United States for resale to Americans[11]. The majority of these imports consisted of late model used vehicles. Almost all of them came from Canada.

Why prices are different

We can thus see that the major legal and regulatory barriers to cross-border trade have been removed. However, if these barriers have gone, one has to ask why the price differences remain and whether the level of trade that has occurred is sufficient to discipline the US market.

Even with all the regulatory changes, it is still effectively impossible for an American consumer to buy a new car directly from Canada. One should note that most of the trade increase discussed above is in late model used vehicles – not brand new cars. The simple fact is that even though the cars sold in both countries are practically identical and Canadian cars meet United States regulatory standards, no Canadian dealer will willingly sell directly to an American customer.

A significant part of the discussion in Europe about the economic logic of the Block Exemption centred on the idea that car retailers in one country would shun business willingly. It seemed illogical to all the regulators that looked at the issue that a retailer would willingly forego earnings. The same logic applies to the USA and Canada.

The main reason for the difference would, on the surface, appear to be that manufacturers have been able to segment the two markets to take advantage of diverse consumer preferences and spending habits. In this particular case, Americans are simply willing to pay more for new cars than Canadians. Canadians typically drive for utility, while Americans drive more for pleasure. Canadians have lower disposable incomes and pay higher income and sales taxes.

Of course, as any good first year economics student knows, price discrimination requires three things: knowledge of consumer willingness to pay, some degree of market power and an ability to block arbitrage. Knowing that Americans are willing to pay more for their cars, manufacturers set prices at higher levels in the United States. However, this segmenta-

tion strategy is now compromised by the absence of regulatory obstacles to cross-border shopping. If the American consumer could buy a new car directly from a Canadian dealer, she would now be able to bring it to the United States in full compliance with emissions, safety, intellectual property and customs laws. The consumer would save thousands of dollars on the purchase price because new car prices are 20 to 35 per cent lower in Canada. The costs associated with importation and shipping are nominal compared to the savings on the purchase price.

The erosion of regulatory barriers

We would thus appear to have a situation in which regulatory barriers to arbitrage are declining. If this is the case, one has to ask again why there has not been a flood of imports into the USA and why prices have not equalised between the two countries. The answer to this question appears to be the fact that manufacturers simply employ a range of anti-consumer and anti-competitive tactics and agreements to prevent Canadian dealers from selling cars to US citizens. To Europeans these tactics are sadly familiar and are very much the same ones that European competition regulators found to be offensive and cause for prosecution.

Dealer agreements restrict sales

The pattern of tactics and agreements in the sector would be completely illegal in the European Single Market, but operate unchecked in the 'free trade area' of North America. For example, all manufacturers require that their Canadian dealers agree not to sell vehicles, either directly or indirectly, to out-of-country customers. The agreement by dealers not to sell for export is typically contained in dealer franchise agreements. Indeed, no manufacturer has granted a franchise in Canada to a prospective dealer who refuses to accept this restriction.

It has to be said that some Canadian dealers knowingly breach this agreement and sell to Americans, though always through an intermediary. The transaction is generally disguised as a sale to a Canadian individual, leasing company or vehicle fleet owner. The vehicle is then resold to an American consumer or to a United States retail dealer who, in turn, resells the vehicle to a consumer.

Innovation in blocking trade…

As was found in Europe, the car manufacturers have a whole arsenal of weapons for deployment against dealers who refuse to toe the line. As occurred in Europe, the repercussions for selling to US citizens are rarely specified in franchise agreements. However, manufacturers currently retain unilateral discretion in imposing penalties on dealers that breach the agreement. These penalties take various forms, with the most common being a 'chargeback'. A chargeback is a direct monetary payment from a dealer to the manufacturer. Some dealers are forced to pay a 'chargeback' for each vehicle they sell that is subsequently registered to an American owner.

Other dealers are granted exemptions from 'chargebacks', depending on whether the manufacturer determines that the dealer knew the vehicle was destined for the United States. The right of manufacturers to impose 'chargebacks' has been challenged by a Canadian Ford dealer in court[12]. A final decision in this case is not expected for several years. This sort of arbitrary punishment and reward payments are again precisely the type of measure objected to so strongly in Europe. In Europe, these arbitrary powers served to freeze competition in the dealer network and hinder arbitrage.

…and punishing dealers

Again, just as in Europe, manufacturers also punish dealers who sell to Americans by adjusting their vehicle allocation. Manufacturers will frequently restrict vehicle supplies or supply exporting dealers with unpopular models and colours. Allocation adjustments and chargebacks are very effective in stopping direct sales to Americans because the costs and uncertainty inherent in challenging these penalties are prohibitive for most dealers. Of course, the ultimate manufacturer sanction, the removal of a franchise, can be used on dealers who have shown persistence in selling to Americans.

It is not just direct supply that is frowned upon by vehicle manufacturers. They also punish their US franchised dealers who act as intermediaries or that purchase inventory in Canada for resale to Americans. It is often less expensive for a United States franchised dealer to source a vehicle from a Canadian dealer through an intermediary than from the manufacturer directly. Other American dealers source vehicles from Canada that are not made available to them directly from the manufacturer.

Consumers can be punished

Curiously, it is not just Canadian and US dealers that are clamped down on by motor manufacturers. Canadian consumers are also required to sign agreements that prevent them from selling or transferring ownership of a vehicle to a US citizen. A standard non-export agreement has evolved in the industry and is used by several vehicle manufacturers and their dealers. The standard agreement includes a representation by the purchaser that the vehicle is for use in Canada and is not intended for export. The purchaser warrants that he or she will not allow the vehicle to be removed from Canada within a specified timeframe, usually one year. Amazingly, the purchaser is

also required to reimburse the dealer for any 'chargebacks' imposed on the dealer by the manufacturer in the event that the vehicle is ultimately registered to an American before expiry of the time limitation.

The role of intermediaries

As manufacturers have been effective in stopping direct sales to Americans, United States buyers have increasingly had to purchase Canadian vehicles through intermediaries. The addition of an intermediary obviously drives up the cost of the process and the final price paid by the consumer. The advantage of this process is that it insulates American consumers from manufacturer repercussions. As the consumer has no direct contract with the manufacturer or franchised dealer, only the intermediary is burdened with the risk of penalties associated with non-export agreements. The intermediary is typically a registered motor vehicle dealer.

Because price differences between Canada and the United States are so significant, there is still a tremendous incentive for American consumers to buy in Canada. Hence, despite punishing dealers who sell, even indirectly, to US citizens, despite punishing US dealers who act as intermediaries for US citizens, and, amazingly, despite punishing Canadian consumers for daring to sell or transfer a car to US citizens, the price gap is so large that arbitrage still occurs. Most sensible industries would look at this situation and realise that operating an elaborate system of punishments for dealers, importers and consumers is rather damaging to the long-term image of the industry. However, the car industry appears to be different. As in Europe, car manufacturers have decided that the best way to deal with this problem is to develop new ways to stop consumers buying abroad. As part of this process, several manufacturers have recently stopped honouring warranty coverage on Canadian vehicles exported to the United States.

Of course, replacement warranties are available to consumers at a cost of approximately $800 to $1,300 per vehicle. However, consumers are still faced with differences in overall coverage and the uncertainty of warranty protection from a party with less credibility than a well-known manufacturer.

Safety recall information

As if it were not bad enough that warranties are not honoured properly, one major manufacturer has actually begun a campaign to withhold recall information on Canadian vehicles destined for American owners. United States import regulations rightly oblige the importer of record to have any outstanding recalls repaired on a vehicle before it enters the country. Although recall campaigns are publicly recorded in North America, the manufacturer in question now refuses to confirm whether recalled defects have been repaired on vehicles that have been purchased by an American or an intermediary[13]. This policy prevents Americans from knowing with certainty whether Canadian vehicles have outstanding safety defects. It exposes American car owners to unnecessary risks and compromises road safety wherever Canadian vehicles are operated.

Advertising plays on fears

Manufacturers engage in relentless propaganda campaigns to arouse additional consumer fears about Canadian cars. Manufacturers advise consumers that Canadian vehicles are not built for the United States market and that they cannot guarantee compliance with safety and emissions standards. They also warn consumers about warranty restrictions and refer to the sale of Canadian cars to Americans as an illegal trade. It should be remembered that a number of Japanese manufacturers, most notably Mitsubishi, ran similar campaigns in the UK against 'grey' imports. The campaigns failed to stop the trade and ultimately the manufacturers stopped making the claims and began importing exactly the vehicles they had previously described as unsuitable for British driving conditions.

Attracting organised crime

By compelling American consumers to buy through intermediaries, manufacturers are forcing consumers to take on further undesirable risks. Each year, organised crime launders thousands of vehicles stolen in Canada through American buyers with counterfeit serial numbers because detection and recovery are difficult when vehicles cross registration jurisdictions. Canadian and American vehicle registrars do not exchange information that enables identification of stolen vehicles with serial numbers counterfeited from other jurisdictions.

There is ample opportunity for organised crime to distribute stolen vehicles in this way because American consumers have to go through one or more intermediaries and cannot benefit from the credibility and security of buying from a franchised dealer across the border. Many innocent American consumers have lost money to organised crime by purchasing Canadian vehicles that subsequently turned out to be stolen. Vehicles that are determined to have been stolen are usually returned to their Canadian owner or insurer.

Is this all just coincidence…

At first glance, it appears that the motor vehicle industry in North America is simply plagued by a series of vertical trade restraints. These are restraints operating at different levels of the manufacturing, sales and distribution chain. Ford Limited is acting in

concert with its Canadian subsidiary and dealers to keep prices on Ford vehicles higher in the United States. Similarly, Volkswagen is acting in concert with its own Canadian subsidiary and dealers. DaimlerChrysler and other major companies are doing the same thing.

...or some form of collusion?

However, the individual vertical trade restraints designed to prevent Americans from buying less expensive Canadian vehicles would be completely ineffective if any one member of the community decided to allow the trade to occur.

As soon as one manufacturer broke ranks, the others would be forced to follow suit. In normal markets the incentive to make a profit usually drives diversity in distribution arrangements and competition on prices. Where large price differences occur in the absence of regulatory barriers, someone steps up to the plate to compete away these differences. When this does not happen, it is legitimate to ask whether there is actual or tacit collusion between the manufacturers in the market.

If one broke ranks...

Manufacturers set vehicle prices in accordance with competitive levels. In other words, they charge what other manufacturers charge for similar models. For instance, the Ford Focus, Dodge Neon, Nissan Sentra, Toyota Corolla and Honda Civic are all economy class vehicles and are priced at similar levels. These vehicles are all priced at a lower rate in Canada and all of the manufacturers prohibit their Canadian dealers from selling these models to American consumers.

This restraint is effective in maintaining prices at a higher level in the United States only because all manufacturers comply. If only a single manufacturer, such as Toyota, opted to deviate from the industry norm and allowed American consumers to purchase its economy model at lower prices in Canada, American buyers of the competing economy models would instead buy Corollas from Canadian dealers. American consumers would immediately flood to Canadian Toyota dealers, particularly in northern states where there is understandably greater awareness of Canadian prices.

In the first instance, if Toyota did not restrain its Canadian dealers from selling Corollas to Americans, other manufacturers would be compelled to sell to Americans through Canadian dealers in order to remain competitive. In the second instance, the degree of disruption that this would inevitably cause both US and Canadian dealers would force the manufacturers to reduce prices in US dealerships to levels near Canadian prices, or certainly near enough to limit the incentives for arbitrage. However, as all manufacturers refuse to sell at the lower prices to Americans, they are able to effectively fix prices at higher levels in the United States.

...prices would tumble

To provide further illustration of the presence of a horizontal competition problem, consider as an example an American consumer who has decided to buy an economy car. Let's assume that the consumer has narrowed her choice to a Toyota Corolla CE, Honda Civic DX or Ford Focus LX. The consumer is generally indifferent between the three vehicles because they all have similar features and specifications. The following chart shows the Dealer's Cost and MSRP (Manufacturer's Suggested Retail Price) for all three vehicles in Canada (all figures in United States dollars using a recent closing exchange rate of $1 CDN = $0.6310 US).

Canada ($US)	Dealer's Cost	MSRP
Toyota Corolla CE	$9,261	$9,947
Honda Civic DX	$9,330	$10,032
Ford Focus LX	$9,746	$10,203

The next chart shows the Dealer's Cost and MSRP in the United States for exactly the same vehicles.

United States ($US)	Dealer's Cost	MSRP
Toyota Corolla CE	$11,624	$12,568
Honda Civic DX	$11,897	$13,010
Ford Focus LX	$12,171	$12,925

If all three manufacturers prohibit their Canadian dealers from selling to the consumer, she is forced to buy a vehicle from a United States dealer at approximately $12,500. As all three vehicles are priced at similar levels, she will likely base her decision on factors unrelated to price.

However, if any of the manufacturers allows the consumer to buy the car in Canada, she will undoubtedly buy from a Canadian dealer. Suppose Ford allows the consumer to cross the border to buy her car. Her alternatives are to pay Honda $13,010, Toyota $12,568 or Ford $10,203. Given that the consumer is indifferent between the vehicles and she can save 23 per cent on the purchase price, she will almost certainly buy a Ford Focus in Canada.

Honda and Toyota would then be compelled to lower prices in the United States or allow Americans to buy from Canadian dealers in order to remain competitive. Otherwise, they will lose sales to Ford. However, since Ford adheres to the scheme to refuse sales to Americans, the consumer is forced to pay a price that is 23 per cent more than she would have paid in a competitive market.

Ford is presented with a situation similar to the classic prisoner's dilemma. Ford is willing to sell its Focus model for $10,203. Presumably this price pro-

vides a reasonable level of profit for Ford. Otherwise the company would discontinue the model or not distribute it in Canada. It is in Ford's interests to allow its Canadian dealers to sell to the American customer because Ford would take a potential customer away from Honda and Toyota.

However, Ford also knows that it is profitable for Honda and Toyota to sell their economy models at approximately $10,200. Ford recognises that the other manufacturers also have an incentive to refuse sales to Americans. The company realises that the combined effect of the unilateral action of each manufacturer effectively forces the consumer to pay an inflated price for the vehicle and Ford therefore bars Canadian dealers from selling the vehicle. In European law, this is recognised as a 'network' effect of a number of very similar vertical restraints. Ultimately, all manufacturers make substantially greater profits at the expense of the consumer.

Bringing competition to America

It is clear that North America is beset with the same problems that hampered Europe for many years. Anti-competitive agreements in the motor vehicle industry are hurting consumers. Car buyers in the United States are paying thousands of dollars more than they would pay in a fully competitive market. Legislation similar to that recently introduced in Europe is needed to bring fair competition to vehicle distribution in America.

Will Canadian prices rise?

In another eerie parallel with the debate over car market reform in Europe, opponents of reform in North America argue that freer competition will simply drive up prices in Canada. It is unquestionably true that the enactment of laws to give American consumers the right to buy cars from Canadian dealers will have an impact on Canadian vehicle distribution. Manufacturers would have to adjust distribution to meet the surge in demand in Canada.

Thought must be given to the impact on prices. Experience has shown that relative prices between the two countries will not change significantly, at least not in the short term. Vehicle prices within the European Union remain significantly different among Member States. Even after the introduction of a common currency among many countries in the EU and the imposition of sanctions against manufacturers that ban cross-border sales, there has been little price convergence within the common market[14]. There remain price differentials between countries of as much as 42 per cent. Differentials of more than 20 per cent are commonplace.

The absence of price parity in Europe was underpinned by a network of anti-competitive agreements sanctioned by European Block Exemption rules. Even with the newly minted reforms and the creation of the euro, it remains true that prices will differ somewhat in Europe. The European experience would seem to suggest that prices are likely to remain lower in Canada, even if Americans can freely purchase new vehicles from Canadian dealers. The question is how much lower they are likely to remain and whether the difference between US and Canadian prices are created by the actions of manufacturers.

There are other influences that would compel manufacturers to leave prices lower in Canada. Manufacturers would probably face antitrust scrutiny if Canadian prices were increased to match American levels. Manufacturers would aggressively struggle for market share in Canada and the existence of multi-brand competition in Canada would prevent price increases, but only in the absence of price fixing and collusion among manufacturers.

If Ford were to increase Canadian prices to American levels, Canadian consumers would simply buy vehicles made by General Motors, DaimlerChrysler, Honda or Toyota. Likewise, if General Motors were to raise prices to match Ford levels, consumers would buy DaimlerChrysler, Honda or Toyota models. It would be highly suspicious if all manufacturers were to suddenly and simultaneously increase prices by 20 to 35 per cent to match American levels, particularly as manufacturers have always had complete freedom to set prices in Canada at any level desired.

The consumer outrage and scrutiny by Canadian competition regulators certain to follow any sudden shift in prices would probably result in price fixing charges levied against manufacturers. An industry-wide price shift could not occur if manufacturers acted independently without collusion. Moreover, if manufacturers could raise prices in Canada to American levels and not compromise profitability or market share, they would have done so long ago. Competitive forces keep prices at lower levels in Canada and they should continue to do so.

Conclusion

The argument that anti-competitive agreements can otherwise enhance consumer interests is a weak one at the best of times. Left unchecked, anti-competitive agreements can rapidly undermine their original purpose and result in market conditions that are extremely adverse to consumer welfare. The recent experience in Europe shows that allowing restrictions on competition simply benefits those who seek the restriction. Consumers seldom gain anything.

This danger is exacerbated when anti-competitive agreements become entrenched in industries that are subject to influential lobbying forces. Like their European counterparts, American purchasers of new motor vehicles have long been deprived of the benefits of free trade and competition. The automotive

industry in North America generally treats these market conditions as acceptable and desirable. Clearly they are not.

North American consumers now require similar intervention by their competition regulators to eliminate the anti-competitive agreements that plague the system for motor vehicle distribution in America. It is hard to imagine what benefits consumers derive when countries negotiate free trade agreements that seem to allow free trade only for manufacturers and not for consumers. This is not just a dry subject of concern in one sector – allowing motor manufacturers to rig markets and overcharge consumers strikes at the very heart of the modern economy. It is time for US and Canadian competition regulators and politicians to decide whose side they are on. Their European counterparts have showed them the right way to jump – it is time that they followed suit.

REFERENCES

[1] EC Treaty, Article 81(1).

[2] EC Treaty, Article 81(3).

[3] Commission Regulation (EC) No. 1475/95

i[4] 'Car Price Differentials Within The European Union on 1 May 2002', European Commission.

[5] Commission Regulation (EC) No. 1400/2002

[6] The price in Canada is calculated in United States dollars using the recent Bank of Canada closing exchange rate of $1 Canadian = $0.6310 United States).

[7] California and a few other jurisdictions have additional emissions requirements to reflect local environmental concerns.

[8] United States Customs Service Memorandum, NAFTA Claims on Motor Vehicles Exported by Persons Other than a Producer or Producer's Designated Exporter, May 8, 2000.

[9] *Quality King Distributors v. L'Anza International Inc.*, 523 US 135 (1998).

[10] North American Automobile Trade Association

[11] North American Automobile Trade Association

[12] *Marlborough Ford Sales Limited v. Ford Motor Company of Canada Limited*, Court of Queen's Bench of Alberta, Court File No. 0101-08074.

[13] Vehicle importers are licensed and regulated by the Department of Transportation. Their identities are known to manufacturers.

[14] The European Commission IP/02/1109 22 July 2002.