Motor vehicle manufacturers, including distributors, and their automobile dealers depend on each other to fully realize their opportunities for business success. Manufacturers rely upon their dealers to provide the sales and service expertise to effectively represent their company’s products in the marketplace and both are committed to the manufacturer/dealer relationship. The dealers rely upon the manufacturers to provide sales and service support and continually strive to enhance the quality and competitiveness of their products.

Manufacturers and dealers agree that there is a balancing of interests that must be observed in the business relationship that exists between them. The interests of the manufacturer and the collective interests of the manufacturer’s dealers to maintain the value and goodwill associated with the manufacturer’s trademarks require standards of quality to be maintained throughout the distribution system. Balanced against these interests is the interest of each individual dealer to be treated fairly.

Manufacturers and dealers agree that mutual respect, trust and confidence are vital to the relationship between the manufacturer and the dealer. So that such respect, trust and confidence can be enhanced and differences that develop between manufacturers and dealers may be resolved amicably, manufacturers and dealers agree to resolve disputes in accordance with NADAP. NADAP has been created in order to establish a national program for the resolution of disputes between manufacturers and dealers and is available to any dealer who wishes to participate in the program from the time it first represents its respective manufacturer’s trademark in the marketplace. If that dealer is in a province or territory where the manufacturer participates in NADAP. The principles set out above are endorsed by each of the Canadian Automobile Dealers Association (CADA), the Association of International Automobile Manufacturers of Canada (AIAMC) and by the Canadian Vehicle Manufacturers’ Association (CVMA) and are reflected in the following understandings:

1. CADA, AIAMC and CVMA acknowledge that open and honest dialogue between a manufacturer, its individual dealers, and its dealer council is the best way to build a constructive working relationship among them.
2. The three Associations agree to play a supportive and ongoing role in encouraging open and honest dialogue and the enhancing of constructive working relationships between manufacturers and their dealers.
3. NADAP has been created through positive dialogue and negotiations between CADA, AIAMC and CVMA to help foster constructive working relationships among manufacturers and dealers.
4. The three Associations fully support and agree to be bound by the NADAP Rules as the best means to resolve manufacturer/dealer disputes specified therein.
5. When a dealer first represents its respective manufacturer’s trademark in the marketplace it shall offer the dealer an opportunity to participate in NADAP.
6. After fifteen years’ experience with NADAP, the three Associations and their members continue to recognize that NADAP represents a significant achievement for resolving disputes between manufacturers and their dealers. Experience by all of the parties has shown that NADAP is a fair and effective forum for dispute resolution and has clear advantages over legislative alternatives. Notwithstanding, the parties acknowledge that if franchise-type legislation exists in Canada or one of its provinces or territories and the automotive industry is not exempted, any manufacturer may terminate NADAP with those dealers to whom such law would apply.