

context of preparations for discussions on a possible comprehensive trade arrangement. Nor does there appear to have been any industry view expressed about the desirability of including the Automotive Agreement on the agenda in the public hearings convened by the US ITC or by USTR. Our discussions suggest that it is unlikely that the United States side will press for the inclusion of the Automotive Agreement in a comprehensive trade arrangement.

During our discussions in Washington other concerns were expressed which, while not directly bearing on the United States attitude, provide an insight into matters which may influence the subsequent benefits for Canada under the Automotive Agreement. The recent split in the United Auto Workers Union (UAW) and the creation of an independent Canadian UAW adds a new dimension to the labour scene which could have far-reaching consequences for the Canadian industry. This view is shared by the motor vehicle industry and the UAW (U.S.). Prior to the 1982 round of union negotiation there was a fairly uniform approach by the UAW to each of the motor vehicle companies on both sides of the border. This created a fair degree of certainty as to the longer term labour environment for the industry. It was not a compelling factor in locating production. Recent changes in production techniques and the emergence of larger more sophisticated parts suppliers and the single sourcing of certain components has made the motor vehicle companies more conscious of the need for labour predictability and a continuous supply of parts to maintain the most cost effective production process.