

be an issue. Between 1968 and the end of the 1970s the United States Administration, the Senate and various Congressional committees demanded that the safeguards maintained by Canada in the Automotive Agreement be terminated. In the recently released Eighteenth Annual Report of the President to Congress on the operation of the Automotive Agreement, Mr. Reagan in referring to certain Letters of Undertaking to increase Canadian value added noted that "Although the letters were exchanged between the companies and the Canadian Government they were signed with the tacit approval of the United States Government. This approval was withdrawn in 1970 after the passing of the July 31, 1968 deadline."

President Reagan's reference to "the passing of the 1968 "deadline" had to do with the removal of the safeguards from the Automotive Agreement. The President's statement is consistent with the United States position since the inception of the Agreement that it is fundamentally a free trade arrangement that contained transitional production safeguards for Canada in the 1965 -1968 period. These safeguards were not a permanent feature of the Agreement and the apparent unwillingness of Canada to contemplate their removal has remained an irritant. What has contributed to this variance of view is the different perception of the Agreement which has existed since it was negotiated and the fact that it is vague on the subject of the life of the safeguards.

A widely held view in the automotive industry in Canada is that the safeguards are important to ensure a "fair share" of production and investment in Canada