

Also for consideration is whether the United States would be prepared to condone the various remission orders now in place for a number of third country producers who obtain duty-free entry of autos in return for purchasing Canadian made auto parts. United States officials consider that these arrangements are little more than subsidies to Canadian auto parts producers. These programs which have been important to the parts industry could get caught up in "levelling the playing field."

There is a view that the Automotive Agreement was an agreed basis for meeting a growing trade dispute, is unique to the automotive industry, and is working to the benefit of both countries. Trade under the Automotive Agreement represents 35 per cent of total merchandise trade between the two countries and, as a minimum, in any comprehensive trade discussions there would be need to reach an understanding on the positioning of the Agreement in relation to the broader trade arrangement.