

Canada's concern was reflected in the second objective which called for the liberalization of trade to enable the industries in both countries "to participate on a fair and equitable basis" in an expanding North American market. This preoccupation reflected a concern for the oligopolistic North American industry, dominated through ownership and control by three large United States corporations. In the Canadian view, ownership and control were "institutional barriers" which could impair the prospect of "market forces" operating in a "fair and equitable manner" to the benefit of the automotive industry in Canada. It was therefore necessary to have safeguards to ensure a minimum level of automotive production in Canada and to maintain the prospect of investment in Canada.

The 1968 review of the Agreement was completed with no resolution of the various issues. On the Canadian side the review consultations were announced as being "successfully completed". In a special report to Congress President Johnson indicated that no decision had been reached with regard to changes in the Agreement including liberalization of conditions on duty free entry into Canada as possible means of progressing toward full achievement of the Agreement's objectives.

During the early 1970s the trade balance under the Automotive Agreement swung in the United States favour (\$401 million in 1973 against a deficit of \$45 million in 1972). This tended to ease some of the pressure from the United States for the removal of the safeguards. However the safeguards continued to