

2. The automobile industries on both sides of the border are preoccupied in meeting the competitive challenge of the Japanese industry in the North American market. Substantial structural changes in the production techniques employed by the North American automobile companies will occur as they adjust to new competition which will determine production, location of vehicle assembly and parts plants and employment levels.
3. The North American automobile companies will experience a declining share of the automobile market in both countries which will bring further pressure on decisions relating to the shared production objectives of the Automotive Agreement.
4. The United States, at least publicly, views the initial agenda for any comprehensive trade discussions as Canada's to put forward. If the Automotive Agreement is not included in the agenda this will be a Canadian decision. United States officials say they are unlikely to raise the Agreement unless there are political or industry pressures to do so. That such pressures may arise cannot and should not be dismissed.
5. The key questions which must be assessed relate to the potential costs, benefits and risks posed by adopting one position or another with respect to automotive trade.