

point to the relative buoyancy of the Canadian industry during the 1981-82 downturn in the market as compared to the industry in the United States in support of their claim.

The Motor Vehicle Manufacturers' Association in its statement to The Special Joint Committee on Canada's Trade Relations on August 18, 1985 stated that "Canada's best, indeed only, automotive export market is the U.S. and vice-versa. Hence the importance of the principles of the A.P.T.A. — and the reason for its continuation as the keystone of Canadian automotive policy."

The Canadian automobile producers are also concerned that if the Automotive Agreement was rolled into any comprehensive free trade arrangement that this would enable Japanese automobile manufacturers with production facilities in the United States to ship automobiles duty free into the Canadian market. This would give these automobiles a further competitive advantage in the Canadian market at the expense of production and employment in Canada.

The potential shrinkage in demand for North American industry produced vehicles in the Canadian and United States market and the 1987 level of the Canadian tariff may create a situation that will cause the automobile producers to bring more into question whether there is a balance of advantage to continuing production in Canada.