

Canadian uranium, discriminatory price controls on natural gas, import fees on crude oil, and threatened restrictions on electricity.

The Agreement reached on October 3 will better secure Canada's access to the United States market. Both sides have agreed to prohibit most discriminatory restrictions in whatever form on exports and imports. More particularly, the United States has agreed to eliminate all U.S. restrictions on the enrichment of Canadian uranium and to allow existing or future incentives for oil and gas exploration aimed at ensuring a more secure future reserve of energy. The United States has also agreed to end its total embargo on exports of Alaskan crude oil and allow Canadians to import up to 50,000 barrels a day.

The two countries have recognized that they have a common interest in ensuring access to each other's market and enhancing their mutual security of supply. They have, therefore, built on their existing GATT obligations and agreed that, as each other's best customers, they should get fair treatment should there be any controls on energy commodities. Both remain free to determine whether and when to allow exports and may continue to monitor and license exports. Should either government consider it necessary to place controls on such exports in order to preserve essential supply for domestic consumption, they will continue to allow exports to the other in proportion to previous export and domestic consumption patterns.

Automotive Trade

The automotive industry is the linchpin of Canadian manufacturing and the trade flow between Canada and the U.S. in autos is enormous. Autoworkers on both sides of the border have been beneficiaries of what has been our most important bilateral free trade deal to date -- the Auto Pact. Throughout the negotiations, the Canadian people indicated that they liked the Auto Pact and wanted to continue to enjoy its benefits, but they were not averse to new and better rules to govern trade in automotive products. The Agreement reached on October 3 responds to these concerns.

Much has been made of the safeguards in the Auto Pact requiring the companies to assemble as many cars in Canada as they sell. If this minimum requirement is not met, the Pact provides for the application of the regular tariff (now 9.2%). Additionally, the Big Three auto companies undertook to increase Canadian-value added in their