negotiated in the U.S. automobile tariff to 2.5 per cent by 1987. And the Canadian automotive tariff will be 9.2 per cent in 1987. The tariff reduction process was not viewed as threatening to any national automotive industry because the types of vehicles demanded in North America, Japan and in Europe varied markedly. Although international trade in automobiles had been substantial and was growing, most imports were in marginal market segments where domestic producers chose not to compete. Industry leaders generally considered that competition within the major automotive producing countries was reasonably balanced and that more open trade would not lead to a dramatic relocation of automotive production.

During the 1970s, the post-war economic growth slowed markedly. Worldwide automobile demand levelled off in response to broader economic problems, many of them related to energy supplies and pricing. This new situation, a worldwide slowdown of economic activity, raised additional problems for the automotive industry and for prospects for employment from automotive production. Over one million workers were employed in the United States and approximately 125,000 in Canada at the peak of automotive production in North America in 1978. By 1981 the number of directly employed autoworkers had declined to 788,000 in the United States and to 107,000 in Canada. These figures do not include the tens of thousands of workers in related industries whose employment was no doubt affected by the downturn in demand.