

CONCLUSIONS

The automotive industry on both sides of the border is preoccupied with attempting to meet the competitive challenge of the Japanese intrusion into the North American market. It is difficult to predict whether the North American industry will remain viable. There will need to be substantial structural changes in the North American industry if it is successfully to adjust to the new competitive environment.

The North American market demand for automobiles is forecast to grow moderately over the next five years while the market share held by the domestic manufacturers will decline sharply. This will result in plant closures and substantially lower production and employment levels. Sales of Japanese automobiles in North America will increase rapidly in this period with demand being met by imports and from North American situated assembly facilities. These assembly operations will use a high percentage of imported components and the employment effect will be a net loss in Canada and the United States.

The Automotive Agreement has been of benefit to both countries and there is no pressure on either side to have it included in any comprehensive trade discussions. If Canada does not propose that the Automotive Agreement be included on the agenda it is unlikely to be raised as an issue by the United States. If it was included in the decision there is the risk that the United States would be seeking the removal of the safeguards which could adversely affect the level of