

take place to a greater extent in the United States than in Canada because of present mix but it will impact on both sides of the border. The demand for large size cars is expected to remain at approximately present levels as the supply and price of oil is expected to remain relatively stable. Production in Canada is largely geared to mid-size and large automobile production and the downturn in demand for North American automobiles should not impact on production levels to the same extent as in the United States at least in the near term. This is not to suggest that certain plants in Canada are not likely to be vulnerable to the downsizing of capacity due to political and industry pressures in the United States, the utilization and age of the plants. What effect, if any, the safeguard provisions of the Automotive Agreement are likely to have on the downsizing of production facilities forecast for the North American industry and on the adjustment decisions to meet the decline in demand for North American automobiles will vary from company to company.