

Canadian farmers export almost \$4 billion annually in agricultural products to the U.S. Ontario ranks first in farm cash receipts nationally and the bulk of Canada's food processing industry is located in the province. Ontario is a main producer of almost all major livestock and horticultural products produced in Canada. It is the most important producer of corn, soybeans and tobacco.

Ontario fruit and vegetable producers will be protected for 20 years by special tariff measures which can be invoked to assist them when prices are abnormally low. Dairy, poultry and egg marketing boards will remain in place, as will the related import controls.

Removal of U.S. tariffs will make it easier for Ontario produce and processed food to enter the U.S. market, and exemption from U.S. meat import laws will benefit Ontario's beef producers and its meat processing industries.

The Agreement eliminates protective pricing and listing practices immediately for liquor, and phases them out for wine over seven years. Ontario consumers will benefit from lower prices and wider choice, and our world-class distillers have gained better access to the U.S. market. The Government, with the industries and the province, has begun the process of assessing the impact on the sector's competitiveness and developing a special adjustment package.

In the services sector, Ontario is strong in such areas as engineering, management consulting, telecommunications, computer services, and insurance and banking. The province has 40 per cent of Canada's professionals, including 2,000 architects, 32,000 engineers and scientists, and 18,000 management consultants.

QUEBEC

Over 75 per cent of Quebec's exports go to the U.S. In 1986, that amounted to \$16 billion. Quebec's major exports are:

- newsprint
- cars
- aluminum
- telecommunications equipment
- iron ore and concentrates
- softwood lumber and pulp
- railway and urban transit vehicles
- machinery and equipment
- electricity

Quebec's forest industry is heavily dependent on the U.S. market. In 1986, \$2.4 billion or nearly 90 per cent of the province's newsprint production crossed the border. Nearly all of Quebec's softwood lumber products, worth about \$626 million, were purchased by American buyers. More than half the wood pulp exports went to the U.S.

As with other wood-producing provinces, Quebec has felt the effects of U.S. protectionist forces, particularly with softwood lumber. The introduction of the new dispute settlement mechanism in the Canada-U.S. Free Trade Agreement will ensure that Quebecers receive fair treatment when faced with U.S. trade actions.