

removal of the tariff will provide jobs as the industries' competitive position in the U.S. market improves.

Manitoba clothing manufacturers will also benefit from improved access to the big U.S. market. U.S. buyers now purchase 81 per cent of production.

Services are the fastest growing part of the economy in both Canada and the U.S. Their share of Canada-U.S. trade keeps rising. The Prairie Provinces are strong in petroleum, chemical and mining engineering, resource science, management consulting, accounting, computer services and insurance and banking. The services agreement guarantees the Service Sector its current high level of access to the U.S.

ONTARIO

Ontario's lifeblood is trade. The province exported over 30 per cent of goods produced in the province in 1986. That amounted to \$56.2 billion, or more than \$6,000 per person. Ontario's major exports are:

- cars, trucks and auto parts
- precious metals
- office machines and equipment
- newsprint
- telecommunications equipment
- machinery
- aircraft parts
- services, such as banking and insurance

Ontario has close links with the U.S. economy. Fully 90 per cent of all Ontario exports go to the U.S., while 83 per cent of Ontario's imports come from south of the border.

Auto trade with the U.S. is Ontario's biggest export business. In 1986, the province exported \$31 billion worth of cars, trucks and parts to the U.S. - 55 per cent of Ontario's total sales to the U.S. Under the Canada-U.S. Free Trade Agreement, the Auto Pact and its safeguards remain in place. Even though, after the transition period, the tariff will have been eliminated on products of U.S. origin, Auto Pact companies will still have to meet the requirements to retain their eligibility for duty-free imports from third countries. The new and tougher North American content requirement will encourage vehicle assemblers, particularly those from third countries, to purchase more parts from Canadian and U.S. manufacturers. This will mean more jobs for Canadians.

The elimination of U.S. and Canadian tariffs by 1998 will allow other Ontario industries the same opportunity of lower costs and increased productivity that the Auto Pact achieved in that sector over the past 23 years. The resulting drop in costs will make Ontario manufactured products more competitive in the U.S., and more competitive as well at home and in third country markets.

Lower costs and secure access to a market of 230 million consumers is a powerful motivator for new investment. Not only export dependent Ontario industries, such as forestry or high technology products, will benefit. Other important Ontario industries such as clothing, textiles or machinery will also have the opportunity to exploit the world's richest market on a preferential basis compared to their overseas competitors.