

- no province is more dependent on the U.S. market than Ontario. Fully 90 per cent of its exports go to the United States and 83 per cent of its imports come from that country. This is higher than the national average--for Canada as a whole in 1986, 77.3 per cent of our exports went to the United States and 68.6 per cent of our imports came from that country.
- In 1986, Ontario exported \$31 billion worth of cars, trucks and parts to the United States, which represented 55 per cent of all of Ontario's exports to that country.

Those are some of the important stakes for Ontario in having secure, open access to the U.S. market. Before going any further, I would like to say a few words about the Auto Pact in light of its importance to Canada and particularly to this province.

For the past 22 years or so, Canada has prospered under the Auto Pact. Not only does the free trade agreement maintain the Auto Pact and its safeguards, the agreement will improve Canadian benefits under the Auto Pact in terms of production and employment.

How will Canadians benefit?

First, the agreement raises the standard for North American content which car-makers must meet to qualify for duty-free entry into the United States. This will stimulate demand for Canadian-made auto parts.

Second, the agreement's rules of origin and the end of duty drawbacks will create a powerful incentive for car-makers from other countries to increase their sourcing in Canada and the United States in order to qualify for reduced tariffs. If car-makers from countries other than Canada or the U.S. want to export duty-free to the United States from Canada or to Canada from the United States their labour and North American parts must equal at least half the value of each vehicle's production cost.

Another key industry in Ontario is steel. Ontario accounts for about 80 per cent of Canadian steel production and 80 per cent of our steel exports to the United States.

In recent years, there have been increasing U.S. pressures to restrict imports of Canadian steel.