

processing. The removal of Canadian tariffs will lower the import costs to many industries thereby improving their competitiveness. A further advantage for Ontario's exporters will be that its off-shore competitors in the U.S. will continue to face existing U.S. tariffs, thus providing them with an edge in the market.

The three categories for tariff elimination were established on the basis of consultations with the private sector, where Ontario interests were well represented. Both our export interests and import sensitivities were taken into account in this process, and as a result industries on both sides of the border have been given time to adjust to new challenges and opportunities.

Of particular interest to Ontario will be the immediate removal of tariffs on computers and related equipment, and the five-year removal of tariffs on some meats including lamb, machinery, subway cars, chemicals, paper and paper products, after-market auto parts, and telecommunications equipment.

The maximum 10-year phase-out of the tariff has been reserved for a number of import sensitive industries, including most agricultural and processed food products, textiles and apparel, and appliances. In addition, a 20-year special provision has been made for fresh fruits and vegetables which allows temporary restoration of tariffs under depressed price conditions. This phasing will provide the time needed for sensitive Canadian industries to adapt and adjust their business operations.

In addition to phasing out tariff elimination, the FTA allows for safeguard measures to provide industries with a breathing space if they are facing strong import competition due to tariff elimination. Further, the government (both federal and provincial) has maintained its scope to provide adjustment assistance where necessary, focussing on labour adjustment and building on our current extensive programs of assistance to labour and firms.

#### Autos

Automotive trade with the U.S. provides Ontario's largest source of exports. In 1986 these exports were valued at \$31 billion or 55% of Ontario's U.S.A. exports. The U.S. made some proposals during the trade negotiations which provided a basis for discussions on how investment, production and employment could be expanded and secured. The FTA incorporates the Auto Pact, while several surrounding elements of Canadian and U.S. auto policy have been adapted. For example, tariff on original equipment auto products and after market parts will be removed over 10 years and 5 years respectively.