

## **AUTOMOTIVE TRADE**

The Auto Pact, including the safeguards, remains in place. All tariffs on automotive products will be eliminated within 10 years. We have agreed to extend duty-free treatment to tires and replacement parts.

The new rules of origin will encourage vehicle assemblers operating outside the Auto Pact (the new Japanese and Korean plants) to purchase more parts from Canadian and U.S. manufacturers. These changes mean jobs. The duty-free entry provisions of the Auto Pact will be provided only to current participants. Canada's tariffs on imports from third countries are in place to protect domestic employment and production. The 60 percent Canadian value-added/cost of sales commitments of the Auto Pact companies are not changed in any way by the Free Trade Agreement.

Total automotive trade between the two countries increased from \$1.2 billion (Cdn) in 1965 to \$63.8 billion (Cdn) in 1986. Canadian employment in the industry rose from 83,000 to 130,000. With the conclusion of the Free Trade Agreement, auto workers, auto parts suppliers, automobile companies and consumers in both countries will benefit immensely from the liberalization of trade in this sector.

## **GREATER MARKET ACCESS**

Agreement to phase out tariff and non-tariff trade barriers is good news for Ontario. Removal of some U.S. government procurement preferences, technical regulations restricting agricultural products, food and manufactured exports as well as government impediments to financial and other services, open up many new avenues of opportunity for Ontario exporters.

In liberalizing U.S. government procurement, Canadians now have available a major new market worth up to \$4 billion (Cdn) annually. Ontario manufacturers stand to benefit providing, of course, they compete effectively with their American counterparts.

## **AGRICULTURE**

Ontario farmers can now anticipate increased markets for their livestock, meat and processed products. Equally important to all Canadian farmers, this new bilateral Agreement on agriculture has been drafted with an eye to the multilateral discussions under the General Agreement on Tariffs and Trade, where the liberalization of agricultural trade is of top priority.

The special interests of sensitive Ontario agricultural sectors, such as horticulture, supply management and food processing industries, have been taken into account. Canada has been exempted