

HOW DOES THE FREE TRADE AGREEMENT AFFECT SERVICE INDUSTRIES?

- It will provide for the first time a set of rules governing trade in a large number of services. These rules will apply to future measures, whereas existing measures will be grandfathered.
- These rules will not apply to cultural industries nor to government services, and basic telecommunications.
- Canada and the U.S. will extend the principles of national treatment, right of commercial presence and right of establishment to each other's service industries.
- The final legal draft of the Agreement will clarify this obligation with respect to transportation, enhanced telecommunications and computer industries, tourism and architecture.

HOW DOES THE FTA BENEFIT SERVICE SECTORS?

- Canadian suppliers of services will be treated the same as American suppliers in the U.S. with regard to all future laws, which means secure access to the U.S. market.
- Although existing rules governing services will remain in force, the FTA provides for changes on a mutually agreed basis.
- The FTA will make it much easier for business people in each country to gain temporary entry for business purposes.
- Because the FTA is breaking new ground in this area, it will serve as a constructive model for progress in the current Uruguay Round of GATT. This is particularly significant because of the growing importance of services in the international economy.