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Canada and the United States have made a commitment not to use future legislation to create barriers to trade in services against the other country.

Canada has undertaken in future laws and regulations an obligation, known as *national treatment*, to extend treatment to U.S. service enterprises providing services into Canada no less favourable than that accorded to Canadian service enterprises. This includes the *right of establishment* — the right to invest in each other's service industries within the framework of the investment chapter, and the *right of commercial presence* — the right to be represented in each other's service markets. The United States has undertaken the same obligation with respect to Canadian service enterprises providing services into the United States.

The obligation to extend national treatment in no way impairs the government's ability to regulate a particular service sector. If Canada chooses to treat suppliers of services covered by the Agreement differently than does the United States, it is free to do so, as long as it does not discriminate between Canadian and U.S. firms. The obligation to extend national treatment does not mean that the treatment has to be the same in all respects, as long as the treatment is equivalent in effect. The Agreement does not require that regulations be harmonized or identical between the two countries.

The chapter on services applies only to those commercially traded services specified in Chapter 14 of the Agreement. (A complete list is provided in Appendix C.) Annexes to the services chapter apply

the general framework of rules to architecture, tourism, computer services and enhanced telecommunications services.

The Agreement does not affect existing and future services which are provided by governments. Government services such as national defence, the justice system, education, health programs and hospitals are outside the scope of the Agreement. While the services chapter covers educational research services and the management of health care facilities, these provisions apply solely to services which are provided privately in the commercial marketplace.

### Financial Services

The financial services sector employs five per cent of the women working in service industries. The provisions for financial services in the Agreement protect the market access that Canadian financial institutions now enjoy in the United States. Canadian firms are also guaranteed to benefit from whatever new securities powers and privileges will be given to U.S. institutions as laws are changed in the future. On the other side of the ledger, U.S. institutions will be given new investment opportunities to increase and diversify their activities in Canadian financial markets. The access they now enjoy in our financial markets is also protected.