

Canada will also amend the definition of "Canadian issue" in section 19(5) of the *Income Tax Act* to conform with the definition of original editorial content as set forth in this Agreement. Canada will further amend the definition of "Canadian issue" in section 19(5) to remove exclusions on issues of a periodical published under a licence granted by a person who produces or publishes issues of a periodical that are printed, edited or published outside Canada

Canada will further amend the *Income Tax Act* to modify the amount of the allowable deduction and original editorial content requirement to permit: a) half the deduction of advertising costs for advertisers in publications with zero to 79 percent original editorial content; and b) a full deduction of advertising costs for advertisers in publications with 80 percent or more original editorial content.

Canada and the United States agree to consult annually upon request within 20 days on any matter relating to this Agreement.

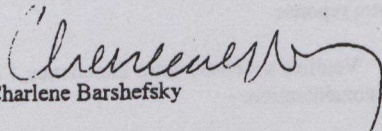
If either party considers that the other party is not in compliance with this Agreement, that party may withdraw from the Agreement by written notification to the other party. The Agreement shall become null and void 90 days after such notification and, at that time, the parties' respective rights and obligations will return to those that existed immediately prior to the entry into force of this Agreement.

I have the honour to propose that if the proposal contained in this letter is acceptable to the Government of the United States of America, this letter, in the English and French languages, each text being equally authentic, and your reply to that effect, shall constitute an Agreement between our two Governments, which shall enter into force on the date of your reply.

Accept, Excellency, the renewed assurances of my highest consideration."

I have the honor to inform you that the proposal contained in your letter dated June 3, 1999, is acceptable to my Government and to confirm that the letter and this reply shall constitute an Agreement between our two Governments, which shall enter into force on this date.

Sincerely,



Charlene Barshefsky