

SERVICES

This is the first international agreement covering services.

Services are the fastest growing sector of the economy in both Canada and the U.S. and account for a rising proportion of bilateral trade.

An unprecedented and comprehensive set of rules is established under which each country will treat foreign services in a manner no less favourable than it does domestic ones insofar as they are affected by future laws or regulations. Both sides will consider future sectoral rollbacks of existing restrictive practices.

The Agreement contains separate and specific undertakings covering tourism, enhanced telecommunications and computer services and contemplates one for transportation services. Mutually acceptable professional standards and accreditation rules in the provision of services are to be developed. The first instance is architectural services.

Interdependence and internationalization of capital markets underlie the Agreement's provisions respecting financial services. Both countries agree to maintain existing rights and privileges now extended to the other's financial institutions in each other's market. They undertake to improve access and competitive opportunities for traded services consistent with prudential and regulatory requirements.

The Agreement provides for improved and easier border crossing and temporary entry for persons involved in trading goods and services.

INVESTMENT

Both countries maintain existing laws, regulations, policies and practices. For example, restrictions in such sectors as energy, air transport, telecommunications and cultural industries remain. But they agree in the future to extend non-discriminatory treatment to each other's investors in:

- the establishment of new businesses;
- the acquisition of existing firms; and
- the conduct, operation and sale of established enterprises.

Canada retains the right to review significant direct acquisitions by non-Canadians and will phase-out the review of indirect acquisitions.