

Limitations on transfer of funds cannot be proscribed on a nationality basis, but can be proscribed if derived from general application of laws relating to bankruptcy, movement of securities, criminal offences, reports of currency transfers for withholding taxes, and ensuring the satisfaction of adjudicated judgments. Other than this, no restraints are allowed.

Everything covered in all previous articles of this chapter are grandfathered. Further, threshold provisions and minimum equity and forced sales restrictions of Article 1602 are not applicable to the oil and gas, and uranium mining industries. Any forced divestiture of a cultural industry in Canada, owned by an investor of the U.S. shall be based on an offer made at fair, open market value.

Investment Canada's Act is altered to restrict investment review for direct and indirect acquisitions, based on a schedule of increasing ceilings.

The importance of this Chapter will depend on the degree to which either country introduces legislation to restrict foreign investment by other countries. What has been agreed, is that such new legislation will not be applicable to Canadian investment in the U.S., and vice versa.

Chapter Seventeen covers Financial Services; state and provincial actions are specifically excluded from the Agreement. Canadian financial institutions gain national treatment, but there is no reciprocity. U.S. financial institutions will be able to underwrite obligations backed by Canada, in degree as this is permitted in the U.S. for coverage of obligations covered by the U.S. Multi-state operations of Canadian banks in the U.S. are grandfathered, and national treatment will be accorded to Canadian banks if there are changes to the Glass-Steagall Act.

Canada agrees to exempt U.S. owners from some aspects of the "10/25" rule, but the 10 per cent limitation on any resident or non-resident shareholder will continue to apply to the larger banks. U.S. bank subsidiaries will be exempted from the current 16 per cent ceiling on the size of the foreign bank sector.

Chapter Eighteen covers institutional provisions, setting up the Canada-United States Trade Commission, providing for notification, the exchange of information, consultation, and establishing dispute settlement mechanisms, excluding those involving financial institutions and AD/CV cases.

A Commission is set up which, on request, will attempt to resolve the dispute, or failing this, shall refer disputes on emergency action to binding arbitration or may refer any other dispute to binding arbitration. As an alternative to arbitration, dispute panels may be used.

The direct measurement of benefits from Chapter Eighteen (and Nineteen) will be difficult. The provisions for resolution through consultation and a more speedy dispute settlement procedure will be positive. As well, these institutions represent an alternative to GATT procedures, providing some flexibility, but not lessening previous access to dispute settlement.

Antidumping and countervail dispute settlement are covered in Chapter Nineteen. This chapter is operational for five years pending the development of a substitute system of rules for AD/CV; after two further years, if no system is