

The Chapter seeks to avoid "sideswipe" effects, as e.g., from U.S., for GATT Article XIX actions, through requirements for specific naming, separate injury determination, consultation, etc. Measurement of the direct impact of this will be particularly contentious. If a Party is "sideswiped", equivalent tariff liberalization action is supposed to occur, as under GATT.

Chapter Twelve covers exceptions for trade in goods. This generally affirms GATT, but adds U.S. and Canadian controls on exports of logs, and unprocessed East Coast fish. Article 1204 covers the exclusion of beer and malt-containing beverages from national treatment.

Chapter Thirteen covers Government Procurement. For the U.S., 11 out of 13 federal departments are covered, along with 40 agencies and commissions. For Canada, 22 departments and 10 agencies are covered. (These same agencies are already covered by GATT.) A form of national treatment for goods purchases above \$25,000 (U.S.) is provided, compared to the GATT limit of \$171,000 (U.S.).

There is a requirement for an annual report to allow for the monitoring of activity under this Chapter.

Chapter Fourteen covers services. The basic approach is to apply national treatment, which is extended to provinces and states, to a list of named services. Exceptions include transportation, basic telecommunications, doctors, dentists, lawyers and child care. Most other commercial services are covered. (Chapter Seventeen covers financial services.)

Existing discrimination is specifically grandfathered, and the chapter explicitly makes it clear that national treatment does not force harmonization. Specific annexes covering architecture, tourism, computer services and telecommunications networks enhanced services are provided. The parties are encouraged to modify or eliminate existing discrimination. Taxation is excluded, provided that measures are not arbitrary or "unjustified" discrimination. The effects from this Chapter are prospective in nature, preventing new barriers and providing a framework for the development of specific annexes for other services.

Chapter Fifteen covers temporary entry for business persons, designed to reduce restraints on temporary business and professional labour mobility.

Investment is covered in Chapter Sixteen, and applies to all investment except for financial services (but including insurance), transportation and investment related to government procurement. Also crown corporations (including those that may be started in the future) are excluded. For these, there is some text that allows for discrimination in the form of limiting sales of the crown assets to nationals, but indicates that once that discrimination is in place, it cannot be made more severe.

National treatment and right of establishment are the guiding principles, which are applied to states and provinces. Generally, performance requirements are discouraged including specifically, export targets, import substitution targets, procurement preferences, and value-added targets. Local employment, product mandating, technology transfer and research and development undertakings are allowed.