

Chapter Nine covers energy. Provisions include:

- o GATT rights and obligations are affirmed, including restrictions on quantitative barriers, and minimum import- and export-price (charge) requirements except as follow from countervailing and antidumping orders. Restraints related to third parties require consultation and assurance that neither party becomes a conduit to the other of third-party energy flows.
- o Canada is exempted from U.S. legislation restricting imports of enriched uranium while Canada exempts the U.S. from the Canadian Uranium Upgrading policy. Canada is exempted from the U.S. prohibition on exports of Alaskan oil up to a maximum of 50,000 barrels per day, subject to the condition that such oil is transported to Canada from the lower 48 states.
- o Export restrictions are permitted, subject to the proportionality rule.
- o Regulatory powers used to inhibit trade are constrained. The National Energy Board eliminates the "least cost alternative" test, while the U.S. causes the Bonneville Power Administration to modify its Intertie Policy so that B.C. Hydro is treated equally with U.S. utilities outside the Pacific Northwest. Non-federal regulatory bodies "shall" participate in consultations.
- o Exploration incentives, for oil and gas, are allowed.
- o Restrictions on trade related to national security, mainly a U.S. test, are limited.

It should be noted that both opponents and proponents of the FTA within Canada pointed to this chapter as likely to cause substantial increases in exports of energy from Canada to the U.S. Any measurement of this effect will require very careful, case-specific, analysis. Potentially, its impact on total output and incomes could be large.

Trade in automotive products is covered by Chapter Ten. The Auto Pact is affirmed. Waivers on customs duties are sustained to the amount of approximately \$300 million annually for those in an appended list. (The value of such waivers may change if tariffs are altered under the MTN.) For 13 companies listed (mainly foreign trademarks), waivers based on exports to the U.S. are eliminated immediately, and those for third parties are eliminated in 1998. For five companies, waivers based on value-added performance are terminated in 1996.

Canadian import restrictions on used autos are phased out, beginning in 1989 and completed by January 1, 1993.

Chapter Eleven covers emergency action. This allows one Party to temporarily increase duties, for up to three years, if tariff reductions constitute a substantial cause of serious injury. This is a separate track from GATT provisions, and requires an equivalent liberalizing tariff initiative or allows for retaliation by the other Party.