

As part of its general commitment to trade liberalization, Canada will remove impediments to the activities of foreign financial institutions. This will create greater competition in the marketplace with real benefits to consumers. As these financial institutions grow, they will have to conform to the same ownership regime as that which applies to Canadian-controlled financial institutions.

### *Investment*

A hospitable investment climate will be indispensable if Canadians are to achieve the full benefits of reducing barriers to trade in goods and services. A central issue during the trade negotiations, therefore, was the development of a mutually beneficial framework of principles sensitive to the national interests of both countries with the objective that investment flow freely between Canada and the United States and investors be treated in a fair and equitable manner.

The investment chapter will provide a comprehensive, non-discriminatory framework of rules and principles governing cross-border investment activities in the free-trade area. Across all regions of Canada and the United States, investors will have increased and secure access to investment opportunities. Across all sectors, investors will enjoy consistent treatment in Canada and in the United States.

The investment provisions will be forward looking. Existing discriminatory investment measures on both sides of the border may be left unchanged. But, under any new legislation and practices, Canadian investors in the U.S. and American investors in Canada will be treated no differently than domestic investors are treated within each country.

The Government insisted on maintaining Canada's right to review significant acquisitions by U.S. investors. Accordingly, the Agreement will provide that the review threshold for direct acquisitions will be raised in four steps to \$150 million by 1992. At that time, about two-thirds of total Canadian-controlled assets will still be reviewable. For indirect acquisitions, which involve the transfer of control of one foreign-controlled firm to another, the review thresholds will be phased out over the same period.

Both countries have also agreed to prohibit investment-related performance requirements (such as local content and import