

For the purposes of this Agreement, a periodical means a printed publication that appears in consecutively numbered or dated issues, published under a common title, usually at regular intervals, not more than once every week, excluding special issues, and at least twice every year. A periodical does not include a catalogue, a directory, a newsletter or a newspaper. A Canadian means a Canadian citizen or a permanent resident of Canada. Original editorial content means non-advertising content that is: (a) authored by a Canadian, including but not limited to writers, journalists, illustrators and photographers; or (b) created for the Canadian market and does not appear in any other edition of one or more periodicals published outside Canada.

Nothing in this Agreement may be invoked to prejudice either party's arguments regarding the nature of the *Foreign Publishers Advertising Services Act*, the *Investment Canada Act* or the *Income Tax Act* in the WTO or under the NAFTA.

Canada will amend Bill C-55, prior to it being passed by the Senate of Canada, to exempt from the application of the *Foreign Publishers Advertising Services Act*, those foreign-owned publishers whose investments in Canada with respect to the publication, distribution and sale of a periodical have been reviewed and approved under the *Investment Canada Act*. This exemption will continue unless a court determines by final order that the investor has not complied with the *Investment Canada Act*. In addition, Canada will allow under licensing arrangements any activity otherwise permitted under this Agreement.

Canada will further amend Bill C-55 to exempt those foreign publishers whose revenues from the sale of advertising primarily directed at the Canadian market represent 12 percent or less of the total revenues from the sale of advertising in an issue of the periodical that contains such advertising in Canada. Within 18 months after Bill C-55 comes into force, this percentage shall be increased to 15 percent, and within 36 months after Bill C-55 comes into force, this percentage shall be increased to 18 percent. The percentage of advertising space containing advertisements directed primarily at the Canadian market in the Canadian issue of the periodical will be deemed to represent the same percentage of advertising revenues earned in Canada by that issue of the periodical. In the event that this percentage is exceeded by the publisher, a demand letter will be issued by the responsible Minister prior to any further enforcement action being taken under the *Foreign Publishers Advertising Services Act*.

Canada will amend its foreign investment policy with respect to the publication, distribution and sale of periodicals in Canada by issuing foreign investment guidelines for the publication, distribution and sale of periodicals pursuant to section 38 .../3