

Under the Agreement, the continued use of technical standards that have the effect of restricting trade will be subject to the binational dispute settlement process which places an emphasis on consultation and dispute resolution but includes the option of binding arbitration. If such technical barriers were removed, Canadian exports of fish to the United States would increase.

Foreign Investment

Foreign investment elements of the Canada-U.S. Free Trade Agreement provide for equal treatment under future laws of foreign and domestic investors and firms of both countries. With respect to the processing sector, foreign investment can improve the viability and competitiveness of the industry through the injection of equity capital, a more secure and diversified access to markets, technology transfer, and the creation or maintenance of employment.

The powers of the Minister of Fisheries and Oceans to ensure that Canadians obtain benefits from our fisheries resources remain intact. The Agreement protects the current Canadian policy restricting foreigners to a minority ownership of licensed Canadian vessels, or of companies that own licensed vessels or hold enterprise allocations. There are no provisions in the Agreement that would permit direct or indirect access to Canadian stocks by U.S. fishing vessels. Moreover, Canadian government policies for granting foreign access to Canada's fishing zone remain intact, including policies applying to over-the-side sales.

Summary of the Elements

The following summarizes the main elements of the Agreement and the expected economic impact of these elements on the fishing industry.

| Agreement Element | Economic Impact |
|-----------------------------|--|
| Tariff Elimination | Significant benefits from increased value-added processing |
| Binational Panel | Significant safeguard for fish exports |
| Quantitative Restrictions | No major change |
| Technical Barriers to Trade | Increased exports over time |
| Foreign Investment | Immediate competitiveness benefits from increased investment |