

## Investment

The two Governments have agreed in future to liberalize the treatment given to each other's investors with respect to:

- ° the establishment of new firms;
- ° the acquisition of existing firms; and
- ° the conduct, operation and sale of established firms.

Both Governments retain the right to maintain existing measures not in conformity with these principles.

Canada retains the right to review the acquisition of firms in Canada by U.S. investors, but has agreed to phase in higher threshold levels for direct acquisitions. The review of indirect acquisitions will be phased out.

## Quantitative Restrictions

Both Parties have agreed to maintain the basic rules of GATT to regulate quantitative restrictions on imports or exports. Existing quantitative restrictions will be eliminated immediately, according to a timetable, or grandfathered.

## Emergency Measures

The two Governments have agreed to more stringent standards for the application of emergency safeguards (quotas or surcharges on imports causing serious injury) to bilateral trade. Except where the other Party is the major source of injury or is contributing importantly to the injury, they agree to exempt each other from safeguard measures. Bilaterally applied emergency measures are subject to compensation and protection against reductions below the trend line of previous bilateral trade.