

Services

The services chapter of the FTA establishes for the first time an international framework of disciplines which govern a wide range of internationally traded services. The FTA will provide among other things that in the future, all new measures introduced by either government must provide to firms in the other country national treatment, the right of establishment consistent with the investment chapter, and the right of commercial presence. Existing government laws and measures will be left in place or grandfathered. However, both countries have agreed in the future to discuss further liberalization of services through roll-back of existing regulations to bring them into conformity with the principles of the FTA.

The general services provisions of the FTA will apply to a wide range of commercially traded services. However, it will not apply to: transportation; basic telecommunications services; cultural industries; government provided services such as health, education and social programs; and legal services. In addition, a specific agreement was negotiated for all financial services with the exception of insurance, which is covered by the general service provisions.

While Canada is a net importer of services, it does have high levels of service exports. These amounted to \$14 billion in 1984 which is approximately 15% of total exports. Canada has been particularly strong in areas such as consulting engineering, management consulting, telecommunications, computer services and insurance and banking. Ontario is the centre of all these activities in Canada. It has 40% of Canada's professionals, including 2,000 architects, 32,000 engineers and scientists and 18,000 management consultants. They will benefit from the assurances which provide that new laws in the U.S. will not discriminate against Canadian firms. Ontario firms and particularly small and medium-sized firms in the service sectors will find that the FTA's provisions for improved and easier border access for Canadians travelling to the U.S. on business will be of benefit.

Financial Services

The FTA treatment of financial services is similar to the general services provisions in that it guarantees existing levels of access in each other's markets and ensures that in the future, new laws will not reduce or restrict that access or discriminate against companies from the other country. It is a strictly federal to federal government deal and does not impact on provincial jurisdiction.