

HOW DOES THE FREE TRADE AGREEMENT AFFECT INVESTMENT?

- Canada and the U.S. will provide each other's investors with national treatment with respect to the:
 - . establishment of new businesses;
 - . acquisition of existing businesses; and
 - . conduct, operation and sale of established businesses.
- Canada will retain its right to review significant direct investments by non-Canadians.
- Canada now reviews direct acquisitions by U.S. firms of Canadian businesses with assets of \$5 million (Cdn) or more. The FTA will increase the threshold to \$25 million (Cdn), starting January 1, 1989. By January 1, 1992, the threshold will be \$150 million (Cdn).
- Similarly, Canada reviews indirect acquisitions by U.S. firms of Canadian businesses with assets of \$50 million (Cdn) or more. By January 1, 1992, there will no longer be reviews of indirect acquisitions.
- Cultural industries are exempt from the investment provisions.
- Both Canada and the U.S. have investment restrictions in several sectors. These are unchanged by the FTA. These sectors include energy, air transport and telecommunications.

HOW DOES THE FTA BENEFIT INVESTMENT IN CANADA?

- Canada's future economic development will require large capital commitments. This Agreement will facilitate these investments.
- Canada is now a major capital exporter to the U.S. The FTA provides secure access and non-discriminatory treatment for Canadian investors in the U.S.
- Canada retains the right to review significant investments by non-Canadians.