

Article 1603: Performance Requirements

1603 proscribes the imposition of significantly trade distorting performance requirements. It does not limit Canada's ability to negotiate local employment, product mandate, technology transfer, or research and development undertakings with investors. Moreover, there are no restrictions on the use of performance requirements related to subsidies or government procurement.

Article 1604: Monitoring

This provision permits requirements to be placed on an investor from the other country to provide information for monitoring purposes.

Article 1609: Taxation and Subsidies

This article provides that the provisions of the Investment Chapter shall not apply to any subsidy or any new taxation measures unless such subsidy or taxation measures unjustifiably discriminate between investors of the Parties or constitute a disguised restriction on the benefits accorded to investors under the Investment Chapter.

1602.8 allows for different treatment of investors from the other Party to the extent required for prudential, fiduciary, health and safety or consumer protection reasons, and the where different treatment is equivalent in effect to the treatment accorded to the investors of the Party for such reasons.

Annex 1607.3

Paragraph 4, stipulates that in amending the Investment Canada Act, the oil, gas, and uranium industries will be exempted from the changes. This means that threshold levels for investment review will not be raised and the FTA's performance requirement restrictions will not apply to these industries.

PART FIVE: FINANCIAL SERVICES

Chapter 17: Financial Services

Articles 1701: Scope and Coverage.

Article 1701 sets out the relationship of this Chapter to the rest of the FTA. Among other things, it specifies which Articles of the Agreement apply. Accordingly, the dispute settlement process, the investment chapter (other than insurance services) and the services code do not apply. It also specifies that the commitments of this chapter do not apply to provincial or state laws governing financial institutions.