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## Establishment and Investment

The Services Chapter secures the existing access of firms to distribute, market, deliver or facilitate a service covered by this Chapter in the other country's services markets. In addition, new regulations in the future affecting services covered by this Chapter must be non-discriminatory. Under the Services Chapter, neither country shall require a service supplier of the other country to establish a business in order to provide services, if such a requirement is an arbitrary or unjustifiable discrimination between domestic firms and those of the other country or is intended to restrict bilateral trade in those services.

The provisions of the Investment Chapter apply to all service industries with certain exceptions such as cultural industry services, transportation services and financial services other than insurance services. There is, however, no obligation under the Investment Chapter to accord non-discriminatory treatment regarding the conduct and operation of any service industry that is not covered by the Services Chapter. The Investment Chapter provides that, as in the case of other industries, Canada will review direct takeovers for service industries over a certain threshold, which will increase to \$150 million in 1992. In addition, review of indirect acquisitions will be phased out over three years.

## Cultural Industries

From the beginning of the negotiations, Canada stated that the government's capacity to assist cultural industries would be maintained. In fact, the Agreement does nothing to prevent Canada from adopting policies to protect and promote Canadian culture and the cultural industries that support it.

The cultural industries are exempted from the provisions of the Agreement, except for four minor undertakings. Cultural industries include those enterprises engaged in any of the following activities: publishing, including electronic publishing; film and video; music and sound recording; and radio and TV broadcasting, including cable television, satellite programming and other broadcasting network services. The production, distribution, sale or exhibition of cultural goods or services relating to these industries is included in the exemption. The printing industry is not included as part of the cultural industries and is not exempt.