

## Elements of the Agreement

---

The Canada-U.S. Free Trade Agreement contains two chapters specific to services: Chapter 14 on Services and Chapter 17 on Financial Services. Other chapters of the Agreement are also significant for trade in services, particularly Chapter 15 on Temporary Entry for Business Persons, Chapter 16 on Investment, and Article 2010 of Chapter 20 on Monopolies. Services are not covered in the Government Procurement Chapter unless they are an incidental part of the contract (less than 50 per cent), when goods are purchased by certain federal government departments.

### Services Chapter

Chapter 14 on Services sets out a framework of rules for bilateral services trade, which will be applied to a specified list of service industries. These are mainly services which are traded internationally, including services for the agriculture, forestry, mining and construction industries, as well as insurance and real estate and commercial services. Table 4.1 provides a list of the services covered by the Agreement, as set out in Annex 1408 of the Agreement. The Schedule to the Annex identifies the Standard Industrial Classification codes for the services industries covered by the Services Chapter. Three annexes to Chapter 14 specifically address architecture, tourism, and computer services and telecommunications-network-based enhanced services.

Transportation services, including air, road, rail and marine transport, and basic telecommunications services are among

those sectors not covered by the Services Chapter of the Agreement. Cultural industries, with four minor exceptions, are exempt from the provisions of the Agreement.

The Agreement does not affect existing and future services provided by governments. Government provided services such as national defence, the justice system, education, health and social assistance programs and hospitals are outside the scope of the Agreement. The Agreement does not apply to day care services.

While the Services Chapter covers educational research services, the management of health care facilities and commercial testing laboratory services, these provisions apply solely to those services which are provided privately in the commercial market place. The Agreement does cover, for example, commercially provided health care facilities management services, such as records management systems for private health care facilities. These services, however, are business services as opposed to medical services and are largely unregulated. The Agreement does not affect the regulation of private health care facilities. Provinces may continue to regulate profit making health care facilities in whatever way they wish, including licensing and the establishment of standards for operation.