

2. Furthermore, it is the understanding of the Parties that the service contracts referred to in sub-paragraph 1(b) of Article 13 must have been negotiated as part of the original sale or lease agreements or by an extension of the original agreement and that service contracts negotiated with third parties, after the signing of the sale or lease agreement are not covered by sub-paragraph 1(b). If, however, the original sale or lease agreement indicates that a third company has been or will be contracted to service the equipment, sub-paragraph 1(b) applies.

*Related to Article 17 - Subsidies*

It is the understanding of the Parties that any dispute settlement proceedings under Chapter VIII of the Free Trade Agreement in respect of paragraph 3 of Article 17 will not in any way interrupt or affect adversely the domestic proceedings referred to in paragraph 3.

*Related to Article 23 and Annex J - Cultural industries*

It is the understanding of the Parties that Article 23 and Annex J are without prejudice to co-production agreements on cinematographic and audiovisual relationships to which Canada and one or more EFTA States are parties.

*Related to Article 26 - The Joint Committee*

It is the understanding of the Parties:

- (a) that any issue arising under any of the bilateral Agreements on Agriculture that has a bearing on the operation of the free trade area between Canada and the EFTA States may be discussed in the Joint Committee or in any relevant sub-committee or working group established by the Joint Committee; and
- (b) that any issue arising from the application of provisions of the Free Trade Agreement that have been incorporated into and made part of the bilateral Agreements on Agriculture may, by either Party to such bilateral Agreement, be referred to the Joint Committee or to any relevant sub-committee or working group established by the Joint Committee.