

Under the *Investment Canada Act* and the Related Business Guidelines, an investment by a non-Canadian in a periodical title is deemed to be a new Canadian business and is subject to notification and review under the Act. Investors may submit a single application under the *Investment Canada Act* covering one or more titles concerning the publication, distribution and sale of periodicals. Investors will be required to report quarterly on their performance in relation to their undertakings, which will be reviewed on an annual basis.

Within one year of the entry into force of this Agreement, Canada will amend section 19 of the *Income Tax Act* so as to allow advertisers deductions in respect of periodicals containing the requisite levels of original editorial content irrespective of the nationality of the publisher or place of production.

Canada will also amend the definition of "Canadian issue" in section 19(5) of the *Income Tax Act* to conform with the definition of original editorial content as set forth in this Agreement. Canada will further amend the definition of "Canadian issue" in section 19(5) to remove exclusions on issues of a periodical published under a licence granted by a person who produces or publishes issues of a periodical that are printed, edited or published outside Canada.

Canada will further amend the *Income Tax Act* to modify the amount of the allowable deduction and original editorial content requirement to permit: a) half the deduction of advertising costs for advertisers in publications with zero to 79 percent original editorial content; and b) a full deduction of advertising costs for advertisers in publications with 80 percent or more original editorial content.

Canada and the United States agree to consult annually upon request within 20 days on any matter relating to this Agreement.

If either party considers that the other party is not in compliance with this Agreement, that party may withdraw from the Agreement by written notification to the other party. The Agreement shall become null and void 90 days after such notification and, at that time, the parties' respective rights and obligations will return to those that existed immediately prior to the entry into force of this Agreement.