

**Annex I
Schedule of Canada**

Sector:	Agriculture
Sub-Sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 1102)
Level of Government:	Federal
Measures:	<i>Farm Credit Act</i> , R.S.C. 1985, c. F-2 <i>Farm Credit Regulations</i> , C.R.C. 1978, c. 644
Description:	<u>Investment</u> Loans by the Farm Credit Corporation may be made only to: (a) individuals who are Canadian citizens or permanent residents; (b) farming corporations controlled by Canadian citizens or permanent residents; or (c) cooperative farm associations, all members of which are Canadian citizens or permanent residents.
Phase-Out:	None

Sector:	All Sectors
Sub-Sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 1102) Performance Requirements (Article 1106) Senior Management and Boards of Directors (Article 1107)
Level of Government:	Federal
Measures:	<i>Investment Canada Act</i> , R.S.C. 1985, c. 28 (1st Supp.) <i>Investment Canada Regulations</i> , SOR/85-611 As qualified by paragraphs 8 through 12 of the Description element
Description:	<u>Investment</u> 1. Under the <i>Investment Canada Act</i> , the following acquisitions of Canadian businesses by "non-Canadians" are subject to review by Investment Canada: (a) all direct acquisitions of Canadian businesses with assets of C\$5 million or more; (b) all indirect acquisitions of Canadian businesses with assets of C\$50 million or more; and (c) indirect acquisitions of Canadian businesses with assets between C\$5 million and C\$50 million that represent more than 50 percent of the value of the assets of all the entities the control of which is being acquired, directly or indirectly, in the transaction in question. 2. A "non-Canadian" is an individual, government or agency thereof or an entity that is not "Canadian". "Canadian" means a

Canadian citizen or permanent resident, government in Canada or agency thereof or Canadian-controlled entity as provided for in the *Investment Canada Act*.

3. In addition, specific acquisitions or new businesses in designated types of business activities relating to Canada's cultural heritage or national identity, which are normally notifiable, may be reviewed if the Governor in Council authorizes a review in the public interest.

4. An investment subject to review under the *Investment Canada Act* may not be implemented unless the Minister responsible for the *Investment Canada Act* advises the applicant that the investment is likely to be of net benefit to Canada. Such a determination is made in accordance with six factors described in the Act, summarized as follows:

- (a) the effect of the investment on the level and nature of economic activity in Canada, including the effect on employment, on the utilization of parts, components and services produced in Canada, and on exports from Canada;
- (b) the degree and significance of participation by Canadians in the investment;
- (c) the effect of the investment on productivity, industrial efficiency, technological development and product innovation in Canada;
- (d) the effect of the investment on competition within any industry or industries in Canada;
- (e) the compatibility of the investment with national industrial, economic and cultural policies, taking into consideration industrial, economic and cultural policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the investment; and

- (f) the contribution of the investment to Canada's ability to compete in world markets.

5. In making a net benefit determination, the Minister, through Investment Canada, may review plans under which the applicant demonstrates the net benefit to Canada of the proposed acquisition. An applicant may also submit undertakings to the Minister in connection with any proposed acquisition which is the subject of review. In the event of noncompliance with an undertaking by an applicant, the Minister may seek a court order directing compliance or any other remedy authorized under the Act.

6. Non-Canadians who establish or acquire Canadian businesses, other than those described above, must notify Investment Canada.

7. Investment Canada will review an "acquisition of control", as defined in the *Investment Canada Act*, of a Canadian business by an investor of Mexico or of the United States if the value of the gross assets of the Canadian business is not less than the applicable threshold.

8. The review threshold applicable to investors of Mexico or of the United States, calculated as set out in the **Phase-Out** element, is higher than those described in paragraph 1. However, this higher review threshold does not apply in the following sectors: uranium production and ownership of uranium producing properties; oil and gas; financial services; transportation services; and cultural businesses.

9. Notwithstanding the definition of "investor of a Party" in Article 1139, only investors who are nationals, or entities controlled by nationals as provided for in the *Investment Canada Act*, of Mexico or of the United States may benefit from the higher review threshold.

10. An indirect "acquisition of control" of a Canadian business by an investor of Mexico or of the United States is not reviewable.

11. Notwithstanding Article 1106(1), Canada may impose

requirements, or enforce any commitment or undertaking, in connection with the establishment, acquisition, expansion, conduct or operation of an investment of an investor of another Party or of a non-Party for the transfer of technology, production process or other proprietary knowledge to a national or enterprise, affiliated to the transferor, in Canada, in connection with the review of an acquisition of an investment under the *Investment Canada Act*.

12. Except for requirements, commitments or undertakings relating to technology transfer as set out in paragraph 11, Article 1106(1) shall apply to requirements, commitments or undertakings imposed or enforced under the *Investment Canada Act*. Article 1106(1) shall not be construed to apply to any requirement, commitment or undertaking imposed or enforced in connection with a review under the *Investment Canada Act*, to locate production, carry out research and development, employ or train workers, or to construct or expand particular facilities, in Canada.

Phase-Out:

For investors of Mexico or of the United States, the applicable threshold for the review of a direct acquisition of control of a Canadian business will be:

- (a) for the 12-month period beginning on the date of entry into force of this Agreement, the monetary amount as determined in accordance with Annex 1607.3 of the *Canada - United States Free Trade Agreement*; and
- (b) beginning one year after the date of entry into force of this Agreement, the monetary amount for the preceding year multiplied by an annual adjustment representing the increase in nominal Gross Domestic Product, as set out below.

The calculation of the annual adjustment will be determined in January of each year after 1994 using the most recently available data published by Statistics Canada and using the following formula:

Annual Adjustment =

Current nominal GDP at market prices

Previous year nominal GDP at market prices

"Current nominal GDP at market prices" means the arithmetic mean of the nominal Gross Domestic Product at market prices for the most recent four consecutive quarters (seasonally adjusted at annual rates).

"Previous year nominal GDP at market prices" means the arithmetic mean of the nominal Gross Domestic Product at market prices for the four consecutive quarters (seasonally adjusted at annual rates) for the comparable period in the year preceding the year used in calculating the "current nominal GDP at market prices".

The amounts determined in this manner will be rounded to the nearest million dollars.

Sector:	All Sectors
Sub-Sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 1102) Senior Management and Boards of Directors (Article 1107)
Level of Government:	Federal Provincial
Measures:	As set out in the Description element
Description:	<u>Investment</u>

Canada or any province, when selling or disposing of its equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose limitations on the ownership of such interests or assets, and on the ability of owners of such interests or assets to control any resulting enterprise, by investors of another Party or of a non-Party or their investments. With respect to such a sale or other disposition, Canada or any province may adopt or maintain any measure relating to the nationality of senior management or members of the board of directors.

For purposes of this reservation:

- (a) any measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interests or assets or imposes nationality requirements described in this reservation shall be deemed to be an existing measure; and
- (b) "state enterprise" means an enterprise owned or controlled through ownership interests by Canada or a province and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or

disposing of equity interests in, or the assets of, an existing state enterprise or governmental entity.

Phase-Out: None

Sector:	All Sectors
Sub-Sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 1102)
Level of Government:	Federal
Measures:	<i>Canada Business Corporations Act</i> , R.S.C. 1985, c. C-44 <i>Canada Corporations Act</i> , R.S.C. 1970, c. C-32 <i>Canada Business Corporations Act Regulations</i> , SOR/79-316
Description:	<u>Investment</u> "Constraints" may be placed on the issue, transfer and ownership of shares in federally incorporated corporations. The object is to permit corporations to meet Canadian ownership requirements, under certain laws set out in the <i>Canada Business Corporations Act Regulations</i> , in sectors where ownership is required as a condition to operate or to receive licenses, permits, grants, payments or other benefits. In order to maintain certain "Canadian" ownership levels, a corporation is permitted to sell shareholders' shares without the consent of those shareholders, and to purchase its own shares on the open market. "Canadian" is defined in the <i>Canada Business Corporations Act Regulations</i> .
Phase-Out:	None

Sector:	All Sectors
Sub-Sector:	
Industry Classification:	
Type of Reservation:	Senior Management and Boards of Directors (Article 1107)
Level of Government:	Federal
Measures:	<i>Canada Business Corporations Act</i> , R.S.C. 1985, c. C-44 <i>Canada Business Corporations Act Regulations</i> , SOR/79-316 <i>Canada Corporations Act</i> , R.S.C. 1970, c. C-32 Special Acts of Parliament incorporating specific companies

Description: Investment

The *Canada Business Corporations Act* requires that a simple majority of the board of directors, or of a committee thereof, of a federally-incorporated corporation be resident Canadians. For purposes of the Act, "resident Canadian" means an individual who is a Canadian citizen ordinarily resident in Canada, a citizen who is a member of a class set out in the *Canada Business Corporations Act Regulations*, or a permanent resident as defined in the *Immigration Act* other than one who has been ordinarily resident in Canada for more than one year after he became eligible to apply for Canadian citizenship.

In the case of a holding corporation, not more than one-third of the directors need be resident Canadians if the earnings in Canada of the holding corporation and its subsidiaries are less than five percent of the gross earnings of the holding corporation and its subsidiaries.

Under the *Canada Corporations Act*, a simple majority of the elected directors of a Special Act corporation must be resident in Canada and citizens of a Commonwealth country. This requirement applies to every joint stock company incorporated

subsequent to June 22, 1869 by any Special Act of Parliament.

Phase-Out:

None

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: *Citizenship Act*, R.S.C. 1985, c. C-29

Foreign Ownership of Land Regulations, SOR/79-416

Description: Investment

The *Foreign Ownership of Land Regulations* are made pursuant to the *Citizenship Act* and the *Alberta Agricultural and Recreational Land Ownership Act*. In Alberta, an ineligible person or foreign-owned or controlled corporation may only hold an interest in controlled land consisting of not more than two parcels containing, in the aggregate, not more than 20 acres. An "ineligible person" is:

- (a) an individual who is not a Canadian citizen or permanent resident;
- (b) a foreign government or agency thereof; or
- (c) a corporation incorporated elsewhere than in Canada.

"Controlled land" means land in Alberta but does not include:

- (a) land other than land owned by the Crown;
- (b) land within a city, town, new town, village or summer village; and
- (c) mines or minerals.

Phase-Out: None

Sector:	All Sectors
Sub-Sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 1102)
Level of Government:	Federal
Measures:	<i>Air Canada Public Participation Act</i> , R.S.C. 1985, c. 35 (4th Supp.) <i>Canada Development Corporation Reorganization Act</i> , S.C. 1985, c. 49 <i>Petro-Canada Public Participation Act</i> , S.C. 1991, c. 10 <i>Canadian Arsenal Limited Divestiture Authorization Act</i> , S.C. 1986, c. 20 <i>Cooperative Energy Act</i> , S.C. 1980-81-82-83, c. 108 <i>Eldorado Nuclear Limited Reorganization and Divestiture Act</i> , S.C. 1988, c. 41 <i>Nordion and Theratronics Divestiture Authorization Act</i> , S.C. 1990, c. 4
Description:	<u>Investment</u> A "non-resident" may not own more than a specified percentage of the voting shares of the corporation to which each Act applies. For each company the restriction is as follows: Air Canada: 25 percent Canada Development Corporation: 25 percent Petro-Canada Inc: 25 percent Canadian Arsenal Limited: 25 percent Eldorado Nuclear Limited: 5 percent Nordion Limited: 25 percent

Theratronics Limited: 49 percent

Cooperative Energy Corporation: 49 percent

"Non-resident" generally means:

- (a) an individual, other than a Canadian citizen, who is not ordinarily resident in Canada;
- (b) a corporation incorporated, formed or otherwise organized outside Canada;
- (c) the government of a foreign state or any political subdivision thereof, or a person empowered to perform a function or duty on behalf of such a government;
- (d) a corporation that is controlled directly or indirectly by non-residents as defined in any of paragraphs (a) through (c);
- (e) a trust
 - (i) established by a non-resident as defined in any of paragraphs (b) through (d), other than a trust for the administration of a pension fund for the benefit of individuals a majority of whom are residents, or
 - (ii) in which non-residents as defined in any of paragraphs (a) through (d) have more than 50 percent of the beneficial interest; or
- (f) a corporation that is controlled directly or indirectly by a trust referred to in paragraph (e).

Phase-Out:

None

Sector:	All Sectors
Sub-Sector:	
Industry Classification:	
Type of Reservation:	Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Export and Import Permits Act</i> , R.S.C. 1985, c. E-19
Description:	<u>Cross-Border Services</u> Only individuals ordinarily resident in Canada, enterprises having their head offices in Canada or branch offices in Canada of foreign enterprises may apply for and be issued import or export permits or transit authorization certificates for goods and related services subject to controls under the <i>Export and Import Permits Act</i> .
Phase-Out:	None

Sector:	Automotive
Sub-Sector:	
Industry Classification:	
Type of Reservation:	Performance Requirements (Article 1106)
Level of Government:	Federal
Measures:	<i>Canada - United States Free Trade Agreement Implementation Act</i> , S.C. 1988, c. 65
Description:	<p><u>Investment</u></p> <p>Canada may grant waivers of customs duties conditioned, explicitly or implicitly, on the fulfillment of performance requirements:</p> <ul style="list-style-type: none">(a) to those manufacturers of automotive goods set out in Part One of Annex 1002.1 of the <i>Canada - United States Free Trade Agreement</i>, in accordance with the headnote to that Part; and(b) for the applicable periods specified in Article 1002(2) and (3) of the <i>Canada - United States Free Trade Agreement</i> to those manufacturers of automotive goods set out in Parts Two and Three, respectively, of Annex 1002.1 of that Agreement.
Phase-Out:	<ul style="list-style-type: none">(a) None(b) For Part Two, until January 1, 1998; and for Part Three, until January 1, 1996 or such earlier date specified in existing agreements between Canada and the recipient of the waiver.

Sector:	Business Service Industries
Sub-Sector:	Customs Brokerages and Brokers
Industry Classification:	SIC 7794 Customs Brokers
Type of Reservation:	National Treatment (Article 1202) Local Presence (Article 1205) Senior Management and Boards of Directors (Article 1107)
Level of Government:	Federal
Measures:	<i>Customs Act</i> , R.S.C. 1985, c. 1 (2nd Supp.) <i>Customs Brokers Licensing Regulations</i> , SOR/86-1067
Description:	<u>Cross-Border Services and Investment</u> To be a licensed customs broker or brokerage in Canada: (a) an individual must be a Canadian citizen or permanent resident; (b) a corporation must be incorporated in Canada with a majority of its directors being Canadian citizens or permanent residents; and (c) a partnership must be composed of persons who are Canadian citizens or permanent residents, or corporations incorporated in Canada with a majority of their directors being Canadian citizens or permanent residents. An individual who is not a licensed customs broker but who transacts business as a customs broker on behalf of a licensed customs broker or brokerage must be a Canadian citizen or permanent resident.
Phase-Out:	None. Subject to discussion by the Parties five years after the date of entry into force of this Agreement.

Sector:	Business Service Industries
Sub-Sector:	Duty Free Shops
Industry Classification:	SIC 6599 Other Retail Stores, Not Elsewhere Classified (limited to duty free shops)
Type of Reservation:	National Treatment (Articles 1102, 1202) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Customs Act</i> , R.S.C. 1985, c. 1 (2nd Supp.) <i>Duty Free Shop Regulations</i> , SOR/86-1072
Description:	<u>Cross-Border Services and Investment</u> <ol style="list-style-type: none">1. To be a licensed duty free shop operator at a land border crossing in Canada, an individual must:<ol style="list-style-type: none">(a) be a Canadian citizen or permanent resident;(b) be of good character;(c) be principally resident in Canada; and(d) have resided in Canada for at least 183 days of the year preceding the year of application for the license.2. To be a licensed duty free shop operator at a land border crossing in Canada, a corporation must:<ol style="list-style-type: none">(a) be incorporated in Canada; and(b) have all of its shares beneficially owned by Canadian citizens or permanent residents who meet the requirements of paragraph 1.
Phase-Out:	None
Sector:	Business Service Industries

Sub-Sector:	Examination Services relating to the Export and Import of Cultural Property
Industry Classification:	SIC 999 Other Services, Not Elsewhere Classified (limited to cultural property examination services)
Type of Reservation:	Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Cultural Property Export and Import Act</i> , R.S.C. 1985, c. C-51
Description:	<u>Cross-Border Services</u> Only a "resident of Canada" or an "institution" in Canada may be designated as an "expert examiner" of cultural property for purposes of the <i>Cultural Property Export and Import Act</i> . A "resident" of Canada is an individual who is ordinarily resident in Canada, or a corporation that has its head office in Canada or maintains one or more establishments in Canada to which employees employed in connection with the business of the corporation ordinarily report for work. An "institution" is an institution that is publicly owned and operated solely for the benefit of the public, that is established for educational or cultural purposes and that conserves objects and exhibits them.
Phase-Out:	None

Sector:	Business Service Industries
Sub-Sector:	Patent Agents and Agencies
Industry Classification:	SIC 999 Other Services, Not Elsewhere Classified (limited to patent agency)
Type of Reservation:	National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Patent Act</i> , R.S.C. 1985, c. P-4 <i>Patent Rules</i> , C.R.C. 1978, c. 1250 <i>Patent Cooperation Treaty Regulations</i> , SOR/89-453
Description:	<u>Cross-Border Services</u> To represent persons in the presentation and prosecution of applications for patents or in other business before the Patent Office, a patent agent must be resident in Canada and registered by the Patent Office. A registered patent agent who is not resident in Canada must appoint a registered patent agent who is resident in Canada as an associate to prosecute an application for a patent. An enterprise may be added to the patent register provided that it has at least one member who is also on the register.
Phase-Out:	Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3).

Sector:	Business Service Industries
Sub-Sector:	Trade-Mark Agents
Industry Classification:	SIC 999 Other Services, Not Elsewhere Classified (limited to trade-mark agency)
Type of Reservation:	National Treatment (Article 1202) Most-Favored-Nation Treatment (Article 1203) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Trade-Marks Act</i> , R.S.C. 1985, c. T-13 <i>Trade-Marks Regulations</i> , C.R.C. 1978, c. 1559
Description:	<u>Cross-Border Services</u> To represent persons in the presentation and prosecution of applications for trade-marks or in other business before the Trade-Mark Office, a trade-mark agent must be resident in Canada and registered by the Trade-Mark Office. A registered trade-mark agent who is not resident in Canada must appoint a registered trade-mark agent who is resident in Canada as an associate to prosecute an application for a trade-mark. Trade-mark agents who are resident, and are registered (in good standing), in a Commonwealth country or the United States may be added to the register of trade-mark agents.
Phase-Out:	Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3).

Sector:	Energy
Sub-Sector:	Oil and Gas
Industry Classification:	SIC 071 Crude Petroleum and Natural Gas Industries
Type of Reservation:	National Treatment (Article 1102)
Level of Government:	Federal
Measures:	<i>Canada Petroleum Resources Act</i> , R.S.C. 1985, c. 36 (2nd Supp.) <i>Territorial Lands Act</i> , R.S.C. 1985, c. T-7 <i>Public Lands Grants Act</i> , R.S.C. 1985, c. P-30 <i>Canada - Newfoundland Atlantic Accord Implementation Act</i> , S.C. 1987, c. 3 <i>Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act</i> , S.C. 1988, c. 28 <i>Canada Oil and Gas Land Regulations</i> , C.R.C. 1978, c. 1518

Description: Investment

This reservation applies to production licenses issued with respect to "frontier lands" and "offshore areas" (areas not under provincial jurisdiction) as defined in the applicable measures.

Persons who hold oil and gas production licenses or shares therein for discoveries made after March 5, 1982 must be Canadian citizens ordinarily resident in Canada, permanent residents or corporations incorporated in Canada. No production license may be issued for discoveries made after March 5, 1982 unless the Minister of Energy, Mines and Resources is satisfied that the Canadian ownership rate of the interest-owner in relation to the production license on the date of issuance would not be less than 50 percent. "Interest-owner" is defined in the *Canada Petroleum Resources Act* to mean "the interest holder who owns an interest or the group of interest holders who hold all the shares of an interest".

The Canadian ownership requirements for oil and gas production licenses for discoveries made prior to March 5, 1982, are set out in the *Canada Oil and Gas Land Regulations*.

Phase-Out: None

Sector:	Energy
Sub-Sector:	Oil and Gas
Industry Classification:	SIC 071 Crude Petroleum and Natural Gas Industries
Type of Reservation:	Performance Requirements (Article 1106) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<p><i>Canada Oil and Gas Production and Conservation Act, R.S.C. 1985, c. O-7, as amended by Canada Oil and Gas Operations Act, S.C. 1992, c. 35</i></p> <p><i>Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act, S.C. 1988, c. 28</i></p> <p><i>Canada - Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c. 3</i></p> <p>Measures implementing Yukon Oil and Gas Accord</p> <p>Measures implementing Northwest Territories Oil and Gas Accord</p>
Description:	<p><u>Cross-Border Services and Investment</u></p> <ol style="list-style-type: none">1. Under the <i>Canada Oil and Gas Operations Act</i>, the approval of the Minister of Energy, Mines and Resources of a "benefits plan" is required to receive authorization to proceed with any oil and gas development project.2. A "benefits plan" is a plan for the employment of Canadians and for providing Canadian manufacturers, consultants, contractors and service companies with a full and fair opportunity to participate on a competitive basis in the supply of goods and services used in any proposed work or activity referred to in the benefits plan. The Act permits the Minister to impose an additional requirement on the applicant, as part of the benefits plan, to ensure that disadvantaged individuals or groups have access to training and employment opportunities or can participate in the supply of goods and services used in any proposed work referred to in the benefits plan.

3. The *Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and the *Canada - Newfoundland Atlantic Accord Implementation Act* have the same requirement for a benefits plan but also require that the benefits plan ensure that:

- (a) prior to carrying out any work or activity in the offshore area, the corporation or other body submitting the plan establish in the applicable province an office where appropriate levels of decision-making are to take place;
- (b) expenditures be made for research and development to be carried out in the province, and for education and training to be provided in the province; and
- (c) first consideration be given to goods produced or services provided from within the province, where those goods or services are competitive in terms of fair market price, quality and delivery.

4. The Boards administering the benefits plan under these Acts may also require that the plan include provisions to ensure that disadvantaged individuals or groups, or corporations owned or cooperatives operated by them, participate in the supply of goods and services used in any proposed work or activity referred to in the plan.

5. In addition, Canada may impose any requirement or enforce any commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a person of Canada in connection with the approval of development projects under the applicable Acts.

6. Provisions similar to those set out above will be included in laws or regulations to implement the Yukon Oil and Gas Accord and Northwest Territories Oil and Gas Accord which for purposes of this reservation shall be deemed, once concluded, to be existing measures.

Phase-Out: None

Sector:	Energy
Sub-Sector:	Oil and Gas
Industry Classification:	SIC 071 Crude Petroleum and Natural Gas Industries
Type of Reservation:	Performance Requirements (Article 1106)
Level of Government:	Federal
Measures:	<i>Canada - Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c. 3</i> <i>Hibernia Development Project Act, S.C. 1990, c. 41</i>
Description:	<u>Investment</u> Pursuant to the <i>Hibernia Development Project Act</i> , Canada and the "Hibernia Project Owners" may enter into agreements whereby the Project Owners undertake to perform certain work in Canada and Newfoundland and to use their "best efforts" to achieve specific Canadian and Newfoundland "target levels" in relation to the provisions of any "benefit plan" required under the <i>Canada-Newfoundland Atlantic Accord Implementation Act</i> . "Benefits plans" are further described in Schedule of Canada, Annex I, page I-C-25. In addition, Canada may impose in connection with the Hibernia project any requirement or enforce any commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a national or enterprise in Canada.
Phase-Out:	None

Sector:	Energy
Sub-Sector:	Uranium
Industry Classification:	SIC 0616 Uranium Mines
Type of Reservation:	National Treatment (Article 1102) Most-Favored-Nation Treatment (Article 1103)
Level of Government:	Federal
Measures:	<i>Investment Canada Act</i> , R.S.C. 1985, c. 28 (1st Supp.) <i>Investment Canada Regulations</i> , SOR/85-611 <i>Policy on Non-Resident Ownership in the Uranium Mining Sector</i> , 1987
Description:	<u>Investment</u> Ownership by "non-Canadians", as defined in the <i>Investment Canada Act</i> , of a uranium mining property is limited to 49 percent at the stage of first production. Exceptions to this limit may be permitted if it can be established that the property is in fact "Canadian-controlled" as defined in the <i>Investment Canada Act</i> . Exemptions from the policy are permitted, subject to approval of the Governor in Council, only in cases where Canadian participants in the ownership of the property are not available. Investments in properties by non-Canadians, made prior to December 23, 1987 and that are beyond the permitted ownership level, may remain in place. No increase in non-Canadian ownership is permitted.
Phase-Out:	None

Sector:	Fisheries
Sub-Sector:	Fish Harvesting and Processing
Industry Classification:	SIC 031 Fishing Industry
Type of Reservation:	National Treatment (Article 1102) Most-Favored-Nation Treatment (Article 1103)
Level of Government:	Federal
Measures:	<i>Coastal Fisheries Protection Act</i> , R.S.C. 1985, c. C-33 <i>Fisheries Act</i> , R.S.C. 1985, c. F-14 <i>Coastal Fisheries Protection Regulations</i> , C.R.C. 1978, c. 413 <i>Policy on Foreign Investment in the Canadian Fisheries Sector</i> , 1985 <i>Commercial Fisheries Licensing Policy</i>
Description:	<u>Investment</u> Under the <i>Coastal Fisheries Protection Act</i> , foreign fishing vessels are prohibited from entering Canada's Exclusive Economic Zone except under authority of a license or under treaty. "Foreign" vessels are those which are not "Canadian" as defined in the <i>Coastal Fisheries Protection Act</i> . Under the <i>Fisheries Act</i> , the Minister of Fisheries and Oceans has discretionary authority with respect to the issuance of licenses. Fish processing enterprises that have a foreign ownership level of more than 49 percent are prohibited from holding Canadian commercial fishing licenses.
Phase-Out:	None

Sector:	Fisheries
Sub-Sector:	Fishing-Related Services
Industry Classification:	SIC 032 Services Incidental to Fishing
Type of Reservation:	National Treatment (Article 1202) Most-Favored-Nation Treatment (Article 1203)
Level of Government:	Federal
Measures:	<i>Coastal Fisheries Protection Act</i> , R.S.C. 1985, c. C-33
Description:	<u>Cross-Border Services</u> Under the <i>Coastal Fisheries Protection Act</i> , the Department of Fisheries and Oceans is responsible for controlling the activities of foreign fishing vessels in Canada's Exclusive Economic Zone, including access to Canadian ports (port privileges). In general, the Department grants such port privileges, including the purchase of fuel and supplies, ship repair, crew exchanges and transshipment of fish catches, only to fishing vessels from a country with which it has favorable fishery relations, based primarily on adherence by that country to Canadian and international conservation practices and policies. Exceptions to this general rule are permitted in cases of emergency ("force majeure") and where the specific provisions of bilateral fisheries treaties apply.
Phase-Out:	None

Sector:	Transportation
Sub-Sector:	Air Transportation
Industry Classification:	SIC 451 Air Transport Industries
Type of Reservation:	National Treatment (Article 1102) Most-Favored-Nation Treatment (Article 1103) Senior Management and Boards of Directors (Article 1107)
Level of Government:	Federal
Measures:	<i>National Transportation Act, 1987, R.S.C. 1985, c. 28 (3rd Supp.)</i> <i>Aeronautics Act, R.S.C. 1985, c. A-2</i> <i>Air Regulations, C.R.C. 1978, c. 2</i> <i>Aircraft Marking and Registration Regulations, SOR/90-591</i>
Description:	<p><u>Investment</u></p> <p>Only "Canadians" may provide the following commercial air transportation services:</p> <ul style="list-style-type: none">(a) "domestic services" (air services between points, or from and to the same point, in the territory of Canada, or between a point in the territory of Canada and a point not in the territory of another country);(b) "scheduled international services" (scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those services have been reserved to Canadian carriers under existing or future bilateral agreements; and(c) "non-scheduled international services" (non-scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those services have been reserved to Canadian carriers under the <i>National Transportation Act, 1987</i>.

"Canadian" is defined in the *National Transportation Act, 1987* to mean a Canadian citizen or permanent resident, a government in Canada or agent thereof or any other person or entity that is controlled in fact by, and of which at least 75 percent of the voting interests are owned and controlled by, persons otherwise meeting these requirements.

Regulations made under the *Aeronautics Act* also require that a Canadian air carrier operate Canadian-registered aircraft. To be qualified to register aircraft in Canada, a carrier must be a Canadian citizen or permanent resident, or a corporation incorporated and having its principal place of business in Canada, its chief executive officer and not fewer than two-thirds of its directors as Canadian citizens or permanent residents and not less than 75 percent of its voting interest owned and controlled by persons otherwise meeting these requirements. In addition, all commercial air services in Canada require a Canadian operating certificate to ensure their safety and security. An operating certificate for the provision of services restricted to Canadian carriers is issued only to qualified persons.

A corporation incorporated in Canada but that does not meet the Canadian ownership and control requirements may only register a private aircraft when the corporation is the sole owner of the aircraft. The regulations also have the effect of limiting "non-Canadian" corporations operating foreign-registered private aircraft within Canada to the carriage of their own employees.

For specialty air services, see Schedule of Canada, Annex II, page II-C-10.

Phase-Out:

None

Sector:	Transportation
Sub-Sector:	Air Transportation
Industry Classification:	SIC 4513 Non-Scheduled Air Transport, Specialty, Industry
Type of Reservation:	National Treatment (Articles 1102, 1202) Local Presence (Article 1205) Senior Management and Boards of Directors (Article 1107)
Level of Government:	Federal
Measures:	<i>Aeronautics Act</i> , R.S.C. 1985, c. A-2 <i>Air Regulations</i> , C.R.C. 1978, c. 2 <i>Aircraft Marking and Registration Regulations</i> , SOR/90-591 <i>Foreign Air Carrier Certification Manual</i> , TP 11524, and the <i>Personnel Licensing Handbook</i> , TP 193 (Department of Transport) As qualified by paragraph 2 of the Description element
Description:	<u>Cross-Border Services</u> 1. An operating certificate issued by the Department of Transport is required to provide specialty air services in the territory of Canada. The Department of Transport will issue an operating certificate to a person applying for authority to provide specialty air services, subject to compliance by that person with Canadian safety requirements. An operating certificate for the provision of aerial construction, heli-logging, aerial inspection, aerial surveillance, flight training, aerial sightseeing, and aerial spraying services is not issued to a person that is not Canadian as provided for in the applicable regulations. For investment, see Schedule of Canada, Annex II, page II-C-10. 2. A person of Mexico or of the United States may obtain an operating certificate, subject to compliance by that person with Canadian safety requirements, for the provision of aerial mapping, aerial surveying, aerial photography, forest fire management, fire-fighting, aerial advertising, glider towing and parachute

jumping services.

Phase-Out:

Cross-Border Services

A person of Mexico or of the United States will be permitted to obtain an operating certificate, subject to compliance by that person with Canadian safety requirements, for the provision of the following specialty air services:

- (a) two years after the date of entry into force of this Agreement, aerial construction and heli-logging services;
- (b) three years after the date of entry into force of this Agreement, aerial inspection, aerial surveillance, flight training, and aerial sightseeing services; and
- (c) six years after the date of entry into force of this Agreement, aerial spraying services.

Sector:	Transportation
Sub-Sector:	Air Transportation
Industry Classification:	SIC 4523 Aircraft Servicing Industry SIC 3211 Aircraft and Aircraft Parts Industry
Type of Reservation:	Most-Favored-Nation Treatment (Article 1203) Local Presence (1205)
Level of Government:	Federal
Measures:	<i>Aeronautics Act</i> , R.S.C. 1985, c. A-2 <i>Airworthiness Manual</i> , chapters 573 and 575, made under the authority of <i>Air Regulations</i> , C.R.C. 1978, c. 2 <i>Agreement Concerning Airworthiness Certification</i> , Exchange of Letters between Canada and the United States, dated August 31, 1984, CTS 1984/26
Description:	<u>Cross-Border Services</u> Aircraft repair, overhaul or maintenance activities required to maintain the airworthiness of Canadian-registered aircraft must be performed by Canadian-certified persons (approved maintenance organizations and aircraft maintenance engineers). Certifications are not provided for persons located outside Canada, except sub-organizations of approved maintenance organizations that are themselves located in Canada. Pursuant to an airworthiness agreement between Canada and the United States, Canada recognizes the certifications and oversight provided by the United States for all repair, overhaul and maintenance facilities and individuals performing the work located in the United States.
Phase-Out:	None

Sector:	Transportation
Sub-Sector:	Land Transportation
Industry Classification:	SIC 456 Truck Transport Industries SIC 4572 Interurban and Rural Transit Systems Industry SIC 4573 School Bus Operations Industry SIC 4574 Charter and Sightseeing Bus Services Industry
Type of Reservation:	National Treatment (Article 1202) Local Presence (Article 1205)
Measures:	<i>Motor Vehicle Transport Act, 1987, R.S.C. 1985, c. 29 (3rd Supp.),</i> Parts I and II <i>National Transportation Act, 1987, R.S.C. 1985, c. 28 (3rd Supp.),</i> Part IV <i>Customs Tariff, R.S.C. 1985, c. 41 (3rd Supp.)</i>
Description:	<u>Cross-Border Services</u> Only persons of Canada, using Canadian-registered and either Canadian-built or duty-paid trucks or buses, may provide truck or bus services between points in the territory of Canada.
Phase-Out:	None

Sector:	Transportation
Sub-Sector:	Water Transportation
Industry Classification:	SIC 4541 Freight and Passenger Water Transport Industry SIC 4542 Ferry Industry SIC 4543 Marine Towing Industry SIC 4549 Other Water Transport Industries SIC 4553 Marine Salvage Industry SIC 4559 Other Service Industries Incidental to Water Transport
Type of Reservation:	National Treatment (Article 1202) Most-Favored-Nation Treatment (Article 1203) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Canada Shipping Act</i> , R.S.C. 1985, c. S-9, Part II
Description:	<u>Cross-Border Services</u> To register a vessel in Canada for purposes of providing international maritime transportation services, the owner of that vessel must be: (a) a Canadian citizen or a citizen of a Commonwealth country; or (b) a corporation incorporated under the laws of, and having its principal place of business in, Canada or a Commonwealth country. For domestic maritime transportation services (cabotage), see Schedule of Canada, Annex II, page II-C-11.
Phase-Out:	None

Sector:	Transportation
Sub-Sector:	Water Transportation
Industry Classification:	SIC 4541 Freight and Passenger Water Transport Industry SIC 4542 Ferry Industry SIC 4543 Marine Towing Industry SIC 4549 Other Water Transport Industries SIC 4553 Marine Salvage Industry SIC 4554 Piloting Service, Water Transport Industry SIC 4559 Other Service Industries Incidental to Water Transport
Type of Reservation:	National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Canada Shipping Act, R.S.C. 1985, c. S-9, Part II</i>
Description:	<u>Cross-Border Services</u> Masters, mates, and engineers must be certified by the Department of Transport as ship's officers while engaged on a Canadian-registered vessel. Only Canadian citizens or permanent residents may be certified as ship's officers.
Phase-Out:	None

Sector:	Transportation
Sub-Sector:	Water Transportation
Industry Classification:	SIC 4554 Piloting Service, Water Transport Industry
Type of Reservation:	National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Pilotage Act</i> , R.S.C. 1985, c. P-14 <i>General Pilotage Regulations</i> , C.R.C. 1978, c. 1263 <i>Atlantic Pilotage Authority Regulations</i> , C.R.C. 1978, c. 1264 <i>Laurentian Pilotage Authority Regulations</i> , C.R.C. 1978, c. 1268 <i>Great Lakes Pilotage Regulations</i> , C.R.C. 1978, c. 1266 <i>Pacific Pilotage Regulations</i> , C.R.C. 1978, c. 1270
Description:	<u>Cross-Border Services</u> Subject to Schedule of Canada, Annex II, page II-C-14, a license issued by the Department of Transport is required to provide pilotage services in the territory of Canada. Only Canadian citizens or permanent residents may obtain such a license. A permanent resident of Canada who has been issued a pilot's license must become a Canadian citizen within five years of receipt of the license in order to retain it.
Phase-Out:	None

Sector:	Transportation
Sub-Sector:	Water Transportation
Industry Classification:	SIC 454 Water Transport Industries
Type of Reservation:	Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Shipping Conferences Exemption Act, 1987, R.S.C. 1985, c. 17 (3rd Supp.)</i>
Description:	<u>Cross-Border Services</u> Members of a shipping conference must maintain jointly an office or agency in the region of Canada where they operate. A shipping conference is an association of ocean carriers that has the purpose or effect of regulating rates and conditions for the transportation by those carriers of goods by water.
Phase-Out:	None

Sector:	Transportation
Sub-Sector:	Water Transportation
Industry Classification:	SIC 4541 Freight and Passenger Water Transport Industry SIC 4542 Ferry Industry SIC 4543 Marine Towing Industry
Type of Reservation:	Most-Favored-Nation Treatment (Article 1203)
Level of Government:	Federal
Measures:	<i>Coasting Trade Act</i> , S.C. 1992, c. 31
Description:	<u>Cross-Border Services</u> The prohibitions under the <i>Coasting Trade Act</i> , set out in Schedule of Canada, Annex II, page II-C-11, do not apply to any vessel that is owned by the U.S. Government when used solely for the purpose of transporting goods owned by the U.S. Government from the territory of Canada to supply Distant Early Warning sites.
Phase-Out:	None