

ANNEX I
Schedule of Canada

SECTOR: Agriculture

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION: National Treatment (Article 1102)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Farm Credit Act, R.S.C. 1985, c. F-2
as amended by R.S.C. 1985, c. 1 (4th
Supp.); S.C. 1991, c. 5, 53

Farm Credit Regulations, C.R.C. 1978,
c. 644 as amended by SOR/81-560;
SOR/82-495; SOR/83-198

DESCRIPTION: Investment

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 of whose members are Canadian
citizens or permanent residents.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: All Sectors

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION: National Treatment (Article 1102)
Performance Requirements (Article 1106)
Senior Management (Article 1107)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Investment Canada Act, R.S.C. 1985, c.
28, as amended by S.C.1988, c. 65

Investment Canada Regulations,
SOR/85-611, as amended by SOR/189-69

An Act to Amend the Investment Canada
Act, (Bill C-89, introduced in
Parliament on 18 June 1992)

DESCRIPTION: Investment

1. Under the Investment Canada Act,
the following acquisitions of Canadian
businesses by "non-Canadians" are
subject to review by Investment
Canada:

- (1) all direct acquisitions of
Canadian businesses with assets
of \$5 million or more;
- (2) all indirect acquisitions of
Canadian businesses with assets
of \$50 million or more; and
- (3) indirect acquisitions of Canadian
businesses with assets between \$5
million and \$50 million which
represent more than 50 percent of
the value, calculated in the
prescribed manner, of the assets
of all the entities the control
of which is being acquired,
directly or indirectly, in the
transaction in question.

2. "Canadian business", "Canadian"
and "non-Canadian" are defined in the
Investment Canada Act. A "non-
Canadian" is an individual, government
or agency thereof or an entity which
is not "Canadian".

3. In addition, specific
acquisitions or new businesses in
designated types of business
activities related 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. Investments subject to review under the Investment Canada Act are not to 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.

5. These factors are 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.

6. 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.

7. The establishment or acquisition of Canadian businesses by non-Canadians, other than those described above, are to be notified to the agency administering the Act, Investment Canada.

8. Review of "acquisition of control", as defined in the Investment Canada Act, of a Canadian business by an American or Mexican will take place if the value of the gross assets of the Canadian business is not less than the applicable thresholds, effective on the date of entry into force of this Agreement and adjusted on each anniversary thereof. The calculation of the applicable review threshold is set out in the Duration section below.

9. The review threshold applicable to American and Mexican investors is higher than those set out above. 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.

10. Indirect "acquisitions of control", as defined in the Investment Canada Act, of Canadian businesses by "American" and "Mexican" investors are not reviewable. Notwithstanding the definition of "investor of a Party" in

Chapter Eleven, only investors who are nationals, or entities controlled by nationals, (as defined in the Investment Canada Act) of the United States or Mexico, may benefit from the higher review threshold.

11. Notwithstanding Article 1106(1), Canada reserves the right to 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 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 pursuant to the Investment Canada Act.

12. Except for requirements, commitments or undertakings related to technology transfer as set out above, Article 1106(1) shall apply to requirements, commitments or undertakings imposed or enforced under the Investment Canada Act. However, 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.

DURATION: Paragraphs 10, 11 and 12 of the Description setting out Canada's reservations and commitments with respect to Articles 1102, 1106(1), and 1138 shall govern.

For American and Mexican investors, the applicable threshold for the review of a direct acquisition of control of a Canadian business shall be:

(a) for the twelve month period commencing on the date of entry

into force of this Agreement,
such monetary amount as
determined in accordance with
Annex 1607.3 of the Canada-United
State Free Trade Agreement;

(b) commencing on the first
anniversary of 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 shall be determined in
January of each year after 1994 using
the most recently available data as
published by Statistics Canada and
using the following formula:

Ann

ual Adjustment =

$$\frac{\text{Current nominal GDP at market prices}}{\text{-----Previous year nominal GDP at market prices}}$$

"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
shall be rounded to the nearest
million dollars.

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ANNEX I
Schedule of Canada

SECTOR: All Sectors

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION: National Treatment (Article 1102)
Senior Management (Article 1107)

LEVEL OF GOVERNMENT: Federal
Provincial

LEGAL CITATION:

DESCRIPTION: Investment

When selling or disposing of its equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, Canada and each province reserve the right to 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 non-Party or their investments. In addition, Canada and each province reserve the right to adopt or maintain any measure relating to the nationality of senior management or members of the board of directors.

For the purposes of this reservation:

- (a) any measure maintained, or adopted after the entry into force of this Agreement, prohibiting or imposing limitations on the ownership of equity interests or assets or 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.

DURATION:

The Description shall govern on entry
into force of this Agreement.

Indeterminate.

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ANNEX I
Schedule of Canada

SECTOR: All Sectors

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION: National Treatment (Article 1102)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Canada Business Corporations Act,
R.S.C. 1985, C. I-44, as amended by
R.S.C. 1985, c. 27 (2nd Supp.), R.S.C.
1985, c. 1 (4th Supp.); S.C. 1990, c.
17; S.C. 1991, c. 45, 46, 47

Canada Corporations Act, R.S.C. 1970,
C. C-32, as amended by R.S.C. 1970, c.
C-10 (1st Supp.); S.C. 1970-71-72, c.
43, 63; S.C. 1972, c. 17; S.C.
1974-75-76, c. 33; S.C. 1978-79, c.
11; S.C. 1985, c. 26; S.C. 1986, c.
26, 35

Canada Business Corporations Act
Regulations SOR/79-316, as amended by
SOR/79-513, SOR/79-728, SOR/80-873,
SOR/81-3, SOR/81-189, SOR/81-868,
SOR/82-187, SOR/83-511, SOR/83781,
SOR/83-817, SOR/85-384, SOR/86-365,

SOR/86-366, SOR/86-421, SOR/86-983,
SOR/87-248, SOR/87-629, SOR/8863,
SOR/88-491, SOR/89-159, SOR/89-323,
SOR/90-660, SOR/91-567

DESCRIPTION: Investment

The cited laws and regulations permit constraints to be placed on issue, transfer and ownership of shares in federally incorporated business corporations. The object is to permit corporations to meet Canadian ownership requirements, under certain laws as prescribed in the regulations, in sectors where such ownership is required as a condition to operate. In order to maintain certain "Canadian" ownership levels, corporations are permitted to sell shareholders' shares without the consent of those shareholders, and to purchase the corporation's own shares on the open market. "Canadian" is defined in the regulations.

DURATION:

Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: All Sectors

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION: Senior Management (Article 1107)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Canada Business Corporations Act,
R.S.C. 1985, c. I-44 as amended R.S.C.
1985, c. 27 (2nd Supp.), R.S.C. 1985,
c. 1 (4th Supp.); S.C. 1990, c. 17;
S.C. 1991, c. 45, 46, 47

Canada Business Corporations Act
Regulations, SOR/79-316, as amended
SOR/79-513, SOR/79-728, SOR/80-873,

SOR/81-3, SOR/81-189, SOR/81-868,
SOR/82-187, SOR/83-511, SOR/83-781,
SOR/83-817, SOR/85-384, SOR/86-365,
SOR/86-366, SOR/86-421, SOR/86-983,
SOR/87-248, SOR/87-629, SOR/88-63,
SOR/88-491, SOR/89-159, SOR/89-323,
SOR/90-660, SOR/91-567

Canada Corporations Act, 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 members of the board of directors, or of a committee thereof, of a federally-incorporated company must be resident Canadians. For the purposes of the Act the term "resident Canadian" is defined as an individual who is a Canadian citizen ordinarily resident in Canada, a citizen who is a member of a class as set out in the regulations, or a permanent resident as defined in the Immigration Act except a person 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 1/3 of the directors need be resident Canadians if the earnings in Canada of the holding corporation and its subsidiaries are less than 5% 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 residents of Canada and citizens of a Commonwealth country. This requirement applies to every joint stock company incorporated subsequent to 22 June 1869 by any Special Act of Parliament and any subsequent amendments to such Acts.

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ANNEX I
Schedule of Canada

SECTOR: All Sectors

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION: National Treatment (Article 1102)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Citizenship Act, R.S.C. 1985, c. C-29
as amended by R.S.C. 1985 c. 28 (1st
Supp.); c. 30 (3rd Supp.); c. 44 (3rd
Supp.); c. 28 (4th Supp.)

Foreign Ownership of Land Regulations,
SOR/79-416; SOR/79-514; SOR/80-156;
SOR/82-544

DESCRIPTION: Investment

Under the Citizenship Act, a province
is authorized to prohibit or restrict
acquisitions of real property located
in that province by non-Canadians.

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 2 parcels
containing, in the aggregate, not more
than 20 acres. An "ineligible
person" is (1) an individual who is
not a Canadian citizen or permanent
resident; (2) a foreign government or
agency thereof; or (3) a corporation
incorporated elsewhere than in Canada.
"Controlled land" means land in
Alberta but does not include (1) land
other than land owned by the Crown;

(2) land within a city, town, new town, village, or summer village and (3) mines or minerals.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR:

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION: National Treatment (Article 1102)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Air Canada Public Participation Act,
R.S.C. 1985, c. 35 (4th Supp.)

Canada Development Corporation
Reorganization Act, S.C. 1985, c. 49

Petro-Canada Public Participation Act,
S.C. 1991, c. 10

Canadian Arsenals Limited Divestiture
Authorization Act, S.C. 1986, c. 20

Cooperative Energy Act, S.C.
1980-81-82-83, c. 108

Eldorado Nuclear Limited
Reorganization and Divestiture Act,
S.C. 1988, c. 41

Nordion and Theratronics Divestiture
Authorization Act, S.C. 1990, c. 4

DESCRIPTION: Investment

Non-residents may not own more than a specified percentage of the voting shares of the corporation to which each Act applies. For each company the restrictions are as follows:

Air Canada: 25%

Canada Development Corporation: 25%

Petro-Canada Inc: 25%
Canadian Arsenals Limited: 25%
Eldorado Nuclear Limited: ownership
not restricted but voting rights
restricted to 25% of votes cast at
meetings
Nordion Limited: 25%
Theratronics Limited: 49%
Cooperative Energy Corporation: 49%

Non-resident is defined in the cited
laws to generally mean:

- (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) to (c);
- (e) a trust (i) established by a
non-resident as defined in any of
paragraphs (b) to (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) to (d) have
more than fifty per cent of the
beneficial interest; or
- (f) a corporation that is controlled
directly or indirectly by a trust
described in paragraph (e).

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: All Sectors

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION: Local Presence (Article 1205)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Export and Import Permits Act, R.S.C.,
1985, c. E-19

DESCRIPTION: Cross-Border Services

Only natural persons ordinarily
resident in Canada, enterprises having
their head office in Canada or branch
offices in Canada of a foreign
enterprise may apply for and be issued
import or export permits or a transit
authorization certificate for goods
and related services subject to
controls pursuant to regulations of
the Export and Import Permits Act.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Automotive

SUB-SECTOR:

INDUSTRY CLASSIFICATION:

TYPE OF RESERVATION:

LEVEL OF GOVERNMENT: Performance Requirements (Article 1106)
Federal

LEGAL CITATION: Canada-United-States Free Trade
Agreement Implementation Act

DESCRIPTION: Investment

Article 1106(3) shall not apply to the granting of waivers of customs duties conditioned, explicitly or implicitly, upon the fulfillment of performance requirements by those manufacturers of automotive goods:

- (a) set out in Part One of Annex 1002.1 of the Canada - United-States Free Trade Agreement, in accordance with the headnote to that Part; and
- (b) for the applicable periods specified in Article 1002(2) and (3) of the Canada - United-States Free Trade Agreement to those manufacturers of automotive goods set out in Parts Two and Three, respectively, of Annex 1002.1 of that Agreement.

DURATION: (a) Indeterminate

- (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.

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ANNEX I
Schedule of Canada

SECTOR: Business Service Industries

SUB-SECTOR: Customs Brokerages and Brokers

INDUSTRY CLASSIFICATION: SIC 7794 Customs Brokerages and Brokers

TYPE OF RESERVATION: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)
Senior Management (Article 1107)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Customs Act, R.S.C., 1985, c. 41 (2nd Supp.)
Customs Brokers Licensing Regulations,
SOR/86-1067

DESCRIPTION: Cross-Border Services and Investment

1. To be a licensed customs broker in Canada, an individual must be a Canadian citizen or permanent resident.

2. To be a licensed customs brokerage in Canada:

(a) a corporation must be incorporated in Canada with a majority of its directors being Canadian citizens or permanent residents; and

(b) 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.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Business Service Industries

SUB-SECTOR: Duty Free Shops

INDUSTRY CLASSIFICATION: SIC 6599 Other Retail Stores, Not
Elsewhere Classified

TYPE OF RESERVATION: National Treatment (Articles 1102, 1202)
Local Presence (Article 1205)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Customs Act, R.S.C., 1986, c.1 (2nd Supp.)
Duty Free Shop Regulations,
SOR/86-1072, as amended

DESCRIPTION: Cross-Border Services and Investment

1. To be a licensed duty free shop operator at a land border crossing in Canada, an individual must:

- (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 licence.

2. To be a licensed duty free shop operator at a border crossing in Canada, a corporation must:

- (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.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Business Service Industries

SUB-SECTOR: Examination Services relating to the
Export and Import of Cultural Property

INDUSTRY CLASSIFICATION: SIC 990 Other Services

TYPE OF RESERVATION: Local Presence (Article 1205)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Cultural Property Export and Import
Act, R.S.C. 1985, c. C-51

DESCRIPTION: Cross-Border Services

For purposes of the Cultural Property Export and Import Act an "expert examiner" of cultural property must be either a natural person who ordinarily

resides 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.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Business Service Industries

SUB-SECTOR: Patent Agents and Agencies

INDUSTRY CLASSIFICATION: SIC 7499 Other Financial
Intermediaries, Not
Elsewhere Classified
(Limited to Holders of
Intellectual Property
Rights)

TYPE OF RESERVATION: National Treatment (Article 1202)
Local Presence (Article 1205)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Patent Act, R.S.C., 1985, c. P-4
Patent Rules, CRC, Vol. XIII, c. 1250,
p.10053

Patent Cooperation Treaty Regulations,
SOR/89-453

DESCRIPTION: Cross-Border Services

1. To be able 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 a resident of Canada and registered by the Patent Office.

2. To prosecute an application for a patent in Canada a registered patent agent who is not a resident of Canada must appoint a registered patent agent

who is a resident of Canada as an
associate to prosecute the
application.

3. Any firm may be added to the
patent register provided that it has
at least one member who is also on the
register.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Business Service Industries

SUB-SECTOR: Trade-Mark Agents

INDUSTRY CLASSIFICATION: SIC 7499 Other Financial
Intermediaries, Not
Elsewhere Classified
(Limited to Holders of
intellectual Property
Rights)

TYPE OF RESERVATION: National Treatment (Article 1202)
Most-Favored-Nation Treatment (Article
1203)
Local Presence (Article 1205)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Trade-Marks Act, R.S.C., 1985, c. T-13
Trade-Marks Regulations, CRC, Vol.
XVIII, c. 1559, p. 13803, as amended

DESCRIPTION: Cross-Border Services

1. To be able 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 a
resident of Canada and registered by
the Trade-Mark Office.

2. To prosecute an application for a
trade-mark in Canada, 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
the application.

3. Trade-mark agents who reside, and
are registered (in good standing), in
a Commonwealth country or the United
States may be added to the register of
trade-mark agents.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Energy

SUB-SECTOR: Oil and Gas

INDUSTRY CLASSIFICATION: [To be provided]

TYPE OF RESERVATION: National Treatment (Article 1102)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Canada Petroleum Resources Act, R.S.C.
1985, c. 36 (2nd Supp.) as amended by
R.S.C. 1985, c. 21 (4th Supp.), S.C.
1990, c. 8, 41., S.C. 1991, c. 10
(partly in force), 24 (not in force),
46 (not in force)

Territorial Lands Act, R.S.C. 1985,
c.T-7 as amended by R.S.C. 1985, c. 7
(3rd Supp.) (partly in force); S.C.
1991, c. 2, 24 (not in force), 50 (not
in force)

Public Lands Grants Act, R.S.C. 1985,
c. P-30 as amended R.S.C. 1985, c. 13
(1st Supp.); S.C. 1991, c. 24 (not in
force). Act repealed S.C. 1991, c. 50
(repealing legislation not in force)

Canada-Newfoundland Atlantic Accord
Implementation Act, S.C. 1987, c. 3 as
amended by S.C. 1988, c. 28, S.C.
1990, c. 41; S.C. 1991, c. 46 (not in
force), 49, 50 (not in force)

Canada-Nova Scotia Offshore Petroleum

Resources Accord Implementation Act,
S.C. 1988, c. 28 as amended by S.C.
1990, c. 28, 41; S.C. 1991, c. 46 (not
in force), 49, 50 (not in force)

Canada Oil and Gas Land Regulations,
C.R.C. c. 1518 as amended SOR/80-590;
SOR/82-663; SOR/89-144

DESCRIPTION: Investment

Canadian legislation contains certain
qualifications for holders of oil and
gas production licenses for
discoveries made after March 5, 1982.
These qualifications ensure that
holders of such licenses, or shares
therein, are Canadian citizens
ordinarily resident in Canada,
permanent residents or corporations
incorporated in Canada.

Notwithstanding qualification to hold
a production license, no production
license shall 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%.
"Interest-owner" is defined in the
Canada Petroleum Resources Act to mean
"an interest holder who holds the
interest or a group of interest
holders who hold all the shares of the
interest".

With respect to production licenses
for discoveries made prior to March 5,
1982, the Canadian ownership
requirements are as set out in the
Canada Oil and Gas Land Regulations.

These qualifications and Canadian
ownership requirements are in respect
of production licenses issued on
"frontier lands" and the "offshore
areas" (areas not under provincial
jurisdiction) as defined in the
legislation.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Energy

SUB-SECTOR: Uranium

INDUSTRY CLASSIFICATION: [To be provided]

TYPE OF RESERVATION: National Treatment (Article 1102)
Most-Favored-Nation Treatment
(Article 1103)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Investment Canada Act, R.S.C. 1985, c.
28, as amended by S.C.1988, c.65

Investment Canada Regulations, SOR/85-
611 as amended by SOR/189-69

An Act to Amend the Investment Canada
Act, (Bill C-89, introduced in
Parliament on 18 June 1992)

Policy on Non-resident Ownership in
the Uranium Mining Sector, 1987

DESCRIPTION: Investment

Non-resident ownership of a uranium
mining property is limited to 49% 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
Investment Canada Act.

Exemptions from the policy are
allowed, subject to Cabinet approval,
only in cases where Canadian
participants in the ownership of the
property cannot be found. Investments
in properties by "non-Canadians", as
defined in the Investment Canada Act,
prior to December 23, 1987, beyond the
permitted ownership level, are allowed
to remain in place; however no
increase in non-Canadian ownership is

permitted.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Fisheries

SUB-SECTOR: Fish Harvesting and Processing

INDUSTRY CLASSIFICATION: [To be provided]

TYPE OF RESERVATION: National Treatment (Article 1102)
Most-Favored-Nation Treatment (Article
1103)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Coastal Fisheries Protection Act,
R.S.C. 1985, c. C-33 as amended by
R.S.C. 1985, c. 31 (1st Supp.); R.S.C.
1985, c. 39 (2nd Supp.); S.C. 1990, c.
44

Fisheries Act, R.S.C. 1985, c. F-14 as
amended by R.S.C. 1985, c. 31 (1st
Supp.); R.S.C. 1985, c. 35 (1st
Supp.); R.S.C. 1985, c. 40 (4th
Supp.); S.C. 1990, c. 16; S.C. 1990,
c. 17

Policy on Foreign Investment in the
Canadian Fisheries Sector, 1985

Commercial Fisheries Licensing Policy

Coastal Fisheries Protection
Regulations, C.R.C., 1978, c. 413

DESCRIPTION: Investment

Under the Coastal Fisheries Protection
Act, "foreign" fishing vessels are
prohibited from entering Canada's 200
mile fishing zone except under
authority of a license or under
treaty. "Foreign" vessels are those
which are not "Canadian" as defined in
the Coastal Fisheries Protection Act.
Under the Fisheries Act, The Minister

of Fisheries and Oceans has a discretionary authority with respect to the issuance of licenses.

Fish processing companies which have a foreign ownership level of more than 49% are prohibited from holding Canadian commercial fishing licenses.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

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

LEGAL CITATION: Coastal Fisheries Protection Act,
R.S.C., 1985, c. C-33

DESCRIPTION: Cross-Border Services

Under the Coastal Fisheries Protection Act, the Department of Fisheries and Oceans is responsible for controlling the activities of foreign fishing vessels in Canada's Exclusive Fisheries Zone (EFZ), 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 countries with which it has favorable fishery relations, based primarily on adherence by the foreign country to Canadian and international conservation practices and policies.

Exceptions to this general rule are allowed in cases of emergency ("force majeure") and where the specific provisions of bilateral fisheries treaties apply.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Government Finance

SUB-SECTOR: Securities

INDUSTRY CLASSIFICATION: [To be provided]

TYPE OF RESERVATION: National Treatment (Article 1202)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Financial Administrative Act, R.S.C.,
1985, Chap. F-11 and annual Orders-in-Council

DESCRIPTION: Investment

Canada Savings Bonds are issued annually pursuant to the Financial Administration Act. Terms and conditions are set by Orders-in-Council. Sale of Canada Savings Bonds is restricted to individuals who are Canadian nationals.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Transportation

SUB-SECTOR: Air Transportation

INDUSTRY CLASSIFICATION: [To be provided]

TYPE OF RESERVATION: National Treatment (Article 1102)
Most Favored Nation Treatment (Article

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: National Transportation Act, 1987,
R.S.C. 1985, c. 28 (3rd Supp.), as
amended by R.S.C. 1985, c. 29 (3rd
Supp.); R.S.C. 1985 c. 19 (4th Supp.);
R.S.C. 1985, c. 32 (4th Supp.)

Aeronautics Act, R.S.C. 1985, c. A-2
as amended by R.S.C. 1985, c. 33 (1st
Supp.); R.S.C. 1985, c. 28 (3rd Supp.)

Air Regulations, C.R.C. 1978, c. 2

Aircraft Marking and Registration
Regulations, SOR/90-591, as amended by
SOR/91-504

DESCRIPTION: Investment

The following "commercial air
services" are reserved to Canadian air
carriers or operators: domestic air
transportation services (cabotage);
international scheduled air
transportation services reserved by
bilateral agreements to Canadian
airlines; and international
non-scheduled air transportation
services between Canada and a country
other than a foreign air carrier's
state of registry ("fifth freedom
charters"). For specialty air
services, see Schedule of Canada,
Annex I, p.I-C-42 and Schedule of
Canada, Annex II, p.II-C-9.

Only qualified persons may provide
commercial air services reserved to
Canadian air carriers or operators.
Non-Canadian investment in voting
stock of enterprises providing
commercial air services that are
reserved to Canadian air carriers or
operators is limited to 25% or to a
lesser percentage where control in
fact of the enterprise is otherwise
considered not to be held by
Canadians. Non-Canadians are not
permitted, through voting interests or
other forms of investment, to control

Canadian air carriers or operators.
Aircraft other than state aircraft may only be registered in Canada by qualified persons. Aircraft not registered in Canada are limited by regulation concerning the period during which they may be operated in Canada by Canadians.

A qualified person is a Canadian citizen or permanent resident, or a corporation incorporated by or under the laws of Canada or a province and of which:

- (a) not less than 75 % of the voting interest is in fact owned and controlled by Canadian citizens or permanent residents or by a corporation meeting the requirements on Canadian ownership and control;
- (b) not less than 2/3 of its directors are Canadian citizens or permanent residents;
- (c) the executive head is a Canadian citizen or permanent resident;
and
- (d) the principal place of business is in Canada.

A corporation incorporated by or under the laws of Canada or a province but that does not meet the Canadian ownership and control requirements may only register a private aircraft when the corporation is the sole owner and subject to other limitations and requirements of the Air Regulations.

The Air Regulations also have the effect of limiting "non-Canadian" corporations operating foreign registered private aircraft within Canada to the carriage of their own employees. A "non-Canadian" corporation is a corporation which does not meet the Canadian ownership and control requirements.

All commercial air services operating

in Canada require a Canadian operating certificate to ensure their safety and security. An operating certificate authorizing the provision of commercial air services reserved to Canadian operators or air carriers is only issued to qualified persons.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

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 (Article 1107)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Aeronautics Act, R.S.C., 1985, c. A-2,
section 4.2

Air Regulations, C.R.C., Vol. I, c. 2,
sections 700 and 702

Air Regulations Series 2, No. 2
(Aircraft Marking and Registration
Regulations), SOR/90-591, section 19

DESCRIPTION: Cross-Border Services and Investment

1. A person requires a Canadian operating certificate issued by the Department of Transport 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 such services, subject to compliance by such person with Canadian safety requirements.

2. Such 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 defined in the applicable regulations (a Canadian national or a corporation incorporated and having its principal place of business in Canada, its chief executive officer and not fewer than 2/3 of its directors as Canadian nationals, and not less than 75% of its voting interest owned and controlled by persons otherwise meeting these requirements).

3. A person of Mexico or of the United States may obtain an operating certificate, subject to compliance by such 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.

DURATION: Cross-Border Services

Paragraph 3 of the Description shall govern upon entry into force of this Agreement.

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

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

spraying services.

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ANNEX I
Schedule of Canada

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

LEGAL CITATION: Aeronautics Act, R.S.C., 1985,
c. A-2, section 4.9

Air Regulations, Series 2, No.11
[]

Airworthiness Manual, chapters 573 and
575 []

Agreement Concerning Airworthiness
Certification, Exchange of Letters
between Canada and the United States,
dated August 31, 1984, CTS____.

DESCRIPTION: Cross-Border Services

Aircraft repair, overhaul and
maintenance activities which are
required to maintain the airworthiness
of Canadian-registered aircraft must
be performed by Canadian-certified
persons. Such certifications are not
provided for enterprises 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, maintenance and
overhaul activities performed by U.S.-
certified persons, including the
individual performing the work,
located in the United States.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

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)

LEGAL CITATION: Motor Vehicle Transport Act, 1987,
R.S.C., 1985, c. 29, (3rd Supp.),
Parts I and II

National Transportation Act, 1987,
R.S.C., 1985, c. 28 (3rd Supp.), Part
IV

Customs Tariff, R.S.C., 1985, c. 41
(3rd Supp.), subsection 19(1)

DESCRIPTION: Cross-Border Services

Only persons of Canada, using
Canadian-built or duty-paid trucks or
buses, may provide truck or bus
services between points in the
territory of Canada.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

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 (Articles 1102, 1202)
Most-Favored-Nation Treatment (Articles
1103, 1203)
Local Presence (Article 1205)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Canada Shipping Act, R.S.C., 1985, c.
S-9, sections 6 and 7

DESCRIPTION: Cross-Border Services and Investment

To register a ship in Canada for the
purpose of providing international
maritime transportation services, the
owner of the ship 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, p.II-C-10.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

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

LEGAL CITATION: Canada Shipping Act, R.S.C., 1985, c.
S-9, Part II

DESCRIPTION: Cross-Border Services

Masters, mates, and engineers are required to be certified by the Department of Transport as ship's officers while engaged on a Canadian-registered vessel. Only Canadian nationals may be certified as ship's

officers.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

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

LEGAL CITATION: Pilotage Act, R.S.C., 1985, c. P-14

General Pilotage Regulations, C.R.C.,
Vol. XIII c. 1263

Atlantic Pilotage Authority
Regulations, C.R.C. Vol. XIII, c. 1264

Laurentian Pilotage Authority
Regulations, C.R.C., Vol. XIII, c.
1268

Great Lakes Pilotage Regulations,
C.R.C., Vol. XIII, c. 1266

Pacific Pilotage Regulations, C.R.C.,
Vol. XIII, c. 1270

DESCRIPTION: Cross-Border Services

A licence issued by the Department of
Transport is required to provide
pilotage services in Canada. Only
Canadian citizens or permanent
residents may obtain such licence. A
permanent resident of Canada who has
been issued a pilot's licence must
become a Canadian citizen within five
years of receipt of such licence in
order to retain it.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Transportation

SUB-SECTOR: Water Transportation

INDUSTRY CLASSIFICATION: SIC 454 Water Transport Industry

TYPE OF RESERVATION: Local Presence (Article 1205)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Shipping Conference Exemption Act,
1987, R.S.C., 1985, c.17 (3rd Supp.),
section 18

DESCRIPTION: Cross-Border Services

Members of a shipping conference shall 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 such carriers of goods by water.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

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

LEGAL CITATION: Coasting Trade Act, S.C., 1992, c. 31,
subsection 3(5)

DESCRIPTION: Cross-Border Services

The prohibitions under the Coasting Trade Act set out in Schedule of Canada, Annex II, p. II-C-10 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.

DURATION: Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Energy

SUB-SECTOR: Oil and Gas

INDUSTRY CLASSIFICATION: [To be provided]

TYPE OF RESERVATION: Performance Requirements (Article 1106)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Canada Oil and Gas Operations Act (in
force as of September 1, 1992)

Hibernia Development Project Act

DESCRIPTION:

1. The terms and conditions of government assistance for the Hibernia project require that certain goods and services be sourced in Newfoundland and in Canada and that the project operator undertakes, on a "best efforts" basis, to achieve specific

Canadian and Newfoundland content levels.

2. In addition, Canada reserves the right to impose 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, in connection with the Hibernia project.

DURATION: For purposes of this entry, paragraph 2 of the Description shall govern with respect to Canada's reservation to the obligations of Article 1106(1) (f).

Indeterminate

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ANNEX I
Schedule of Canada

SECTOR: Energy

SUB-SECTOR: Oil and Gas

INDUSTRY CLASSIFICATION: [To be provided]

TYPE OF RESERVATION: Performance Requirements (Article 1106)
Local Presence (Article 1205)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Canada Oil and Gas Operation Act, (in
force as of September 1, 1992)

Canada-Nova Scotia Offshore Petroleum
Resources Accord Implementation Act,
S.C. 1988, c.28

Canada-Newfoundland Atlantic Accord,
S.C. 1987, c.3

Yukon Oil and Gas Accord (under
negotiation)

Northwest Territories Oil and Gas
Accord (under negotiation)

DESCRIPTION:

1. Under the Canada Oil and Gas Operations Act, the Minister of Energy, Mines and Resources requires the applicant to submit a "benefits plan". Approval of the benefits plan is required to receive authorization to proceed with any oil and gas development project.

2. A "benefits plan" means 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. Similar provisions will be included in the Yukon and Northwest Territories Accords.

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) before carrying out any work or activity in the offshore area the corporation or other body submitting the plan shall establish in the Province an office where appropriate levels of decision-making are to take place;

(b) expenditures shall 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 shall 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 in the benefits plan.

5. In addition, Canada reserves the right to impose 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, in connection with the approval of development projects under the Acts cited above.

DURATION: For purposes of this entry, paragraph 5 of the Description shall govern with respect to Canada's reservation to the obligations of Article 1106(1) (f).

For purposes of this entry, the Yukon Oil and Gas Accord and the Northwest Territories Oil and Gas Accord shall be deemed to be existing measures, upon completion of their negotiation.

Indeterminate