

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
MTN.GNS/W/188
18 November 1993
Special Distribution
(UR-93-0109)

Group of Negotiations on Services

Original: English

COMMUNICATION FROM CANADA

Revised MFN Exemption List of Canada

The following communication is circulated at the request of Canada to the members of the Group of Negotiations on Services.

In conformity with the decision reached at the meeting of the Group of Negotiations on Services on 29 October, 1993 and the Secretariat Note on the format for exemptions, Canada herewith circulates its current list of exemptions from Article II of the General Agreement on Trade in Services.

Canada reserves the right to modify its list prior to the conclusion of the Uruguay Round depending on the final outcome of negotiations on the text of the GATS; on the structure and scope of initial commitments under Part III of the GATS; and on the MFN exemptions of other key participants. For example, if the overall level of commitments on financial services is insufficient, additional exemptions may be required for Canadian reciprocity legislation and other preferential arrangements. In addition, Canada is reviewing the outcome of the negotiations on the Air Annex, and reserves the right to take MFN exemptions in respect of one or more of the sub-sectors in paragraph 3 of that Annex.

Canada reserves the right to review the implications for its final list of exemptions of those issues outlined in the Note by the Secretariat of 29 October 1993 (GNS/W/177) related to the scope of the Agreement, including relevant discussions and consultations. Meanwhile, two exemptions in this category, (see page 6 of this list) have been included.

Exemptions Application to Specific Sectors or Sub-sectors

Sector or Sub-sector	Description of Measures Indicating their Inconsistency with Article II	Countries to which the Measure Applies	Intended Duration	Conditions Creating the Need for the Exemption
All sectors except publishing, broadcasting, film and video, sound recording, banking, basic telecommunications, transportation except speciality air services.	For natural persons of, and juridical persons owned or controlled by nationals of, parties to the FTA and NAFTA, direct and indirect acquisitions are subject to approval, which may be withheld, above thresholds for asset values which are higher than the thresholds applied to other countries. The FTA and NAFTA thresholds are adjusted annually according to a legislated formula.	Parties to the FTA and NAFTA.	Indeterminate	The ownership or control test establishes a rule of origin for eligibility of juridical persons in order to benefit from the higher review thresholds provided for in the FTA and NAFTA.
Film, Video and Television Programming Co-production	Differential treatment is accorded to works co-produced with persons of countries with which Canada may have co-production agreements or arrangements, as well as to natural persons engaged in such co-production.	All countries	Indeterminate	For reasons of cultural policy, including to improve the availability of Canadian audiovisual productions in Canada, to promote greater diversity among foreign audiovisual works on the Canadian market, as well as to promote the international exchange of audiovisual works.

Sector or Sub-sector	Description of Measures Indicating their Inconsistency with Article II	Countries to which the Measure Applies	Intended Duration	Conditions Creating the Need for the Exemption
Film, Video and Television Programming Co-production and Distribution.	Differential treatment is accorded to works co-produced with persons of countries with which Québec may have co-production arrangements, and to natural persons engaged in such co-productions, as well as to natural and juridical persons engaged in film and video distribution pursuant to bilateral arrangements for the distribution of film, video and television programming in its territory.	All countries	Indeterminate	For reasons of cultural policy, including to improve the availability of Québécois audiovisual productions in Québec, to promote greater diversity among foreign audiovisual works on the Québec market, and to promote the international exchange of audiovisual works, as well as to ensure that Québec distributors have improved access to films originating from all parts of the world, while allowing partners in film distribution arrangements to continue to distribute in Québec films for which they are recognized as the producers or the holders of the world distribution rights.
Fishing-related Services	Licences for access to Canadian waters for specific purposes, such as purchase of fuel and supplies, ship repair, crew exchanges and transhipment of fish catches, are granted only to fishing vessels from a country with which Canada has favourable fishery relations, based primarily on adherence by that country to Canadian and international conservation practices and policies.	All Countries	Indeterminate	Conservation of fisheries.
Insurance Intermediation: Agency Services	Preferential access to the Ontario insurance services market is provided on the basis of reciprocity to non-resident individual US insurance agents	All States in the United States	Indeterminate	Reciprocal arrangements concerning recognition of professional qualifications.

Sector or Sub-sector	Description of Measures Indicating their Inconsistency with Article II	Countries to which the Measure Applies	Intended Duration	Conditions Creating the Need for the Exemption
Financial Services, including lending of all types and trading for own account of certain securities by business and investment companies.	Preferential access is provided by the Province of Québec to business and investment companies incorporated under the laws of Great Britain or Ireland for purposes of obtaining a licence to carry on business.	Great Britain and Ireland	Indeterminate	Maintenance of existing historical preference.
Air and Maritime Transport - Exemptions from tax	Exemption from taxes on income and capital of a non-resident person earned in Canada from the operation of a ship or aircraft in international traffic on the basis of reciprocity with the country in which the person resides.	All countries	Indeterminate	Maintenance of reciprocity as the basis for the tax exemption.
Maritime transport - Registration of vessels	To register, from outside Canada, a vessel as Canadian, the owner of the vessel must be: (i) a citizen of a Commonwealth country, or a corporation incorporated under the laws of, and having its principal place of business, in, a Commonwealth country.	Countries of the Commonwealth	Indeterminate	Maintenance of existing preference pending possible amendments to Canadian legislation.

Sector or Sub-sector	Description of Measures Indicating their Inconsistency with Article II	Countries to which the Measure Applies	Intended Duration	Conditions Creating the Need for the Exemption
Maritime Transport - Pilotage and Salvage Services*	Preferential treatment for United States marine pilots in specific waters of the Saint Lawrence Seaway and Great Lakes. For salvage services, preferential treatment for United States vessels and maritime workers in Canadian waters contiguous to the United States.	United States	Indeterminate	Requirement for most efficient access to pilotage and salvage services in contiguous waters, consistent with marine safety.

*Inclusion may not be required, based on Article II.3.

Exemptions** Applicable to Measures Outlined in the Secretariat Note GNS/W/177 of 29 October 1993

Sector or Sub-sector	Description of Measures Indicating their Inconsistency with Article II	Countries to which the Measure Applies	Intended Duration	Conditions Creating the Need for the Exemption
Services incidental to agriculture - temporary entry of service suppliers	Temporary entry of agricultural workers from countries with which Canada has signed a memorandum of understanding is subject to an accelerated process for labour certification.	Anguilla Antigua and Barbados Barbuda Dominica Grenada Jamaica Mexico Montserrat St. Kitts-Nevis St. Lucia St. Vincent Trinidad and Tobago.	Indeterminate	Seasonal shortages of experienced farm workers at harvest and requirement for guaranteed return passage.
All sectors	Canada accepts compulsory arbitration of investor/state investment disputes brought by or in respect of service suppliers of countries with which Canada may have agreements providing for such a procedure.	All countries	Indeterminate	Promotion and protection of foreign investment.

**See Cover Note of page one.