

(a) further minor production in third countries of originating goods with respect to specifically identified goods and specifically designated production processes, including minor processing and simple assembly of textile products; and

(b) specific goods that undergo significant production in the territory of one of the Parties.

8. Where a Party considers that a rule of origin for a good requires modification on the basis that the good undergoes significant production in its territory, it shall submit a proposed modification along with supporting rationale and studies to the other Party for that other Party's consideration.

Article 5.13: Definitions

For purposes of this Chapter:

identical goods means goods that are the same in all respects, including physical characteristics, quality and reputation, irrespective of minor differences in appearance that are not relevant to a determination of origin of those goods under Chapter Three.

PART THREE :

GOVERNMENT PROCUREMENT

Chapter Six Government Procurement

Article 6.1: Government Procurement

The rights and obligations of the Parties relating to government procurement shall be governed by the Agreement on Government Procurement, Annex 4 of the WTO Agreement, as of the date of its entry into force for the Parties.

Article 6.2: Further Liberalization

The Parties will endeavour to negotiate further liberalization of access by suppliers of the other Party to their government procurement.

PART FOUR

CONDUCT OF BUSINESS

Chapter Seven Competition Policy

Article 7.1: Competition Law

1. Each Party shall adopt or maintain measures to proscribe anti-competitive business conduct and take appropriate action with respect thereto, recognizing that such measures will enhance the fulfilment of the objectives of this Agreement. To this end the Parties shall consult from time to time about the effectiveness of measures undertaken by each Party.
2. Each Party recognizes the importance of cooperation and coordination between their authorities to further effective competition law enforcement in the free trade area. The Parties shall cooperate on issues of competition law enforcement policy, including mutual legal assistance, notification, consultation and exchange of information relating to the enforcement of competition laws and policies in the free trade area.
3. Neither Party may have recourse to dispute settlement under this Agreement for any matter arising under this Article.

Article 7.2: Monopolies and State Enterprises

1. Nothing in this Agreement shall be construed to prevent a Party from designating a monopoly.
2. Where a Party intends to designate a monopoly and the designation may affect the interests of persons of the other Party, the Party shall:
 - (a) wherever possible, provide prior written notification to the other Party of the designation; and
 - (b) endeavour to introduce at the time of the designation such conditions on the operation of the monopoly as will minimize or eliminate any nullification or impairment of benefits.
3. Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any privately-owned monopoly that it designates and any government monopoly that it maintains or designates:
 - (a) acts in a manner that is not inconsistent with the Party's obligations under this Agreement wherever such a monopoly exercises any regulatory, administrative or other governmental authority that the Party has delegated to it in connection with the monopoly good, such as the power to grant import or export licenses, approve commercial transactions or impose quotas, fees or other charges;
 - (b) except to comply with any terms of its designation that are not inconsistent with subparagraph (c) acts solely in accordance with commercial considerations in its purchase or sale of the monopoly good in the relevant market, including with regard to price, quality, availability, marketability, transportation and other terms and conditions of purchase or sale; and
 - (c) does not use its monopoly position to engage, either directly or indirectly, including through its dealings with its parent, its subsidiary or other enterprise with common

ownership, in anticompetitive practices in a non-monopolized market in its territory that adversely affects the other Party, including through the discriminatory provision of the monopoly good, cross-subsidization or predatory conduct.

4. Paragraph 3 does not apply to procurement by governmental agencies of goods for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.

5. For purposes of this Article, "maintain" means designate prior to the date of entry into force of this Agreement and existing on January 1, 1997.

Article 7.3: State Enterprises

1. Nothing in this Agreement shall be construed to prevent a Party from maintaining or establishing a state enterprise.

2. Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any state enterprise that it maintains or establishes acts in a manner that is not inconsistent with the Party's obligations wherever such enterprise exercises any regulatory, administrative or other governmental authority that the Party has delegated to it, such as the power to expropriate, grant licenses, approve commercial transactions or impose quotas, fees or other charges.

3. Each Party shall ensure that any state enterprise that it maintains or establishes accords non-discriminatory treatment in the sale of its goods.

Article 7.4: Definitions

For purposes of this Chapter:

designate means to establish, designate or authorize, or to expand the scope of a monopoly to cover an additional good or service, after the date of entry into force of this Agreement;

monopoly means an entity, including a consortium or government agency, that in any relevant market in the territory of a Party is designated as the sole provider or purchaser of a good or service, but does not include an entity that has been granted an exclusive intellectual property right solely by reason of such grant, and

state enterprise means an enterprise owned, or controlled through ownership interests, by a Party and with respect to Canada, means a Crown corporation within the meaning of the Financial Administration Act (Canada), as amended from time to time, and a Crown corporation within the meaning of any comparable provincial law or equivalent entity that is incorporated under other applicable provincial law.

PART FIVE