

- a prohibition on the imposition of performance requirements (e.g., domestic content requirements);
- a prohibition on expropriation unless it is for a public purpose, on a non-discriminatory basis, in accordance with due process of law and on the payment of compensation (fair market value); and
- procedures based on access to an international arbitration facility to settle alleged breaches of investment obligations by a NAFTA government that have resulted in loss or damage to an investment.

Chapter 12 establishes rules and obligations aimed at facilitating trade in services among the three NAFTA countries. Essentially, it applies to measures adopted or maintained by a NAFTA Party relating to cross-border trade in services by service suppliers of another NAFTA party. It does not apply, however, to certain services that are specifically excluded, including air services and procurement of services by governments, or to subsidies and grants for services. Other exceptions and reservations described in the next section further limit the applicability of Chapter 12 to municipalities.

Subject to these exceptions and reservations, the key provisions of Chapter 12 include:

- a requirement for MFN and national treatment for all service providers in covered service sectors;
- a prohibition on requiring service providers from other NAFTA countries to establish a local presence as a condition of supplying a cross-border service, except as necessary for legitimate regulatory purposes such as consumer protection; and
- measures to liberalize existing residency requirements as well as licensing and certification requirements for professionals.