



THE NAFTA

Overview and Key Provisions

NAFTA entered into force between Canada, Mexico and the United States on January 1, 1994. The NAFTA chapters that are most likely relevant to municipalities are Chapter 11 (Investment) and Chapter 12 (Services). These are addressed below. Other potentially relevant chapters on standards, sanitary and phytosanitary measures as well as monopolies are described in the online Guide. It should be noted that NAFTA Chapter 10 (Government Procurement) does not apply to municipalities.

Municipal measures would also need to be considered in the context of the *Agreement on Internal Trade (AIT)* and any obligations that might apply to the activities of municipalities. For more information on the AIT and its provisions, please consult: <http://www.ait-aci.ca>

Chapter 11 establishes rules to provide investors with a more predictable and secure investment climate as well as procedures for the settlement of disputes between investors and NAFTA governments. Subject to a number of exceptions and reservations that remove a wide range of municipal programs and activities from its coverage, key provisions of Chapter 11 include:

- MFN and national treatment for NAFTA investors and their investments;
- minimum standard of treatment for investments in accordance with customary international law;