

Chapter 11: Exceptions and Reservations

Chapter 11 contains a number of exceptions and reservations that limit its potential application to municipal measures.

These are found in Article 1108 and include the following:

- Measures affecting investors and their investments that predate the entry into force of NAFTA on January 1, 1994, including trade-liberalizing amendments to such measures after that date, are not subject to the MFN, national treatment and performance requirements provisions of Chapter 11.
- Sectors or measures listed by country in an Annex to NAFTA (Annex II) are subject to specified reservations. In this Annex, Canada has reserved the right to maintain or adopt measures inconsistent with the national treatment obligation and certain performance requirements including with respect to:
 - the social service sectors of public law enforcement, income security or insurance, social security or insurance, social welfare, public education and training and health and child care;
 - disadvantaged minorities; and
 - Aboriginal peoples.
- Government procurement is not subject to MFN or national treatment requirements.
- The provision of subsidies and grants is not subject to MFN or national treatment.

These exceptions and reservations remove a wide range of government measures, including at the municipal level, from the coverage of key Chapter 11 obligations.