

NAFTA (Services) Summary Fact Sheet

Table 1: Background Information

Parties	Canada, Mexico, United States	
Type of Agreement	Economic Integration Agreement	
Date of signature	12 December 1992	
Date of entry into force	01 January 1994	
Review envisaged	none	
Website or contact addresses	The text of the Agreement is available at: http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/nafta-alena/texte/index.aspx (Foreign Affairs and Trade Canada's website) Office of United States Trade Representative: http://www.ustr.gov/ Mexico's Ministry of Economy: http://www.economia.gob.mx/	
List of related WTO documents	L/7176/Add.1 S/C/N/4 S/C/M/3 WT/REG4/M/1-2-3-4 WT/REG4/1-Corr.1-2/Add.2 WT/REG4/6 and Add.1	Agreement Notification Terms of Reference Minutes Questions and Replies Questions and Replies

Table 2: Scope and general aspects

Scope	Sectors	The Agreement has substantial sectoral coverage.
	Modes of supply	The Agreement covers the four modes of supply (Art. 1213.2).
	Definitions	A "national" is a natural person who is a citizen or permanent resident of one of the Parties. An "enterprise" means any legal entity constituted or organised under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, sole proprietorship, joint venture or other association.
	Positive/negative list	Negative list approach.
	Sector-specific rules	Telecommunications (Chapter 13); Financial Services (Chapter 14).
	Sectoral exclusions	The services Chapter excludes air services, including domestic and international air transport services, whether scheduled or non-scheduled, and related services in support of air services, other than aircraft repair and maintenance services during which an aircraft is withdrawn from service and specialty air services; and procurement by a Party or a state enterprise.

Table 3: Provisions of the Agreement

Provision	Article	Additional information
MFN/National treatment	Art. 1102, 1103, 1202, 12.03 and 17.03	Each Party accords to investors and investments of another Party treatment no less favourable than that accorded, in like circumstances, to its own investors or to investors of any other Party or non-Party for the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments. Each Party accords to service providers of another Party treatment no less favourable than that it accords, in like circumstances, to its own service providers or to service providers of any other Party or of a non-Party. No Party may require a service provider of another Party to establish or maintain a representative office or any form of enterprise, or to be resident, in its territory as a condition for the cross-border provision of a service (Art. 1205). National treatment is also extended for the protection and enforcement of all intellectual property rights.
Movement of natural persons	Chapter 16	The Parties agree to facilitate temporary entry of business persons on a reciprocal basis and to establish transparent criteria and procedures, ensuring at the same time border security and protection of the domestic labourforce and permanent employees in their respective territories (Art. 1601). A Party may refuse to issue an immigration document authorizing employment to a business person

		where the temporary entry of that person might affect adversely the settlement of any labour dispute or the employment of any person who is involved in such dispute (Art. 1603.2). The categories of business persons covered are indicated in Annex 1603.
Elimination of discriminatory measures	Art. 1108, 1206, 1207 and 1208	Provisions on national treatment (Art.1102; 1201), MFN treatment (Art. 1103; 1203), performance requirements (Art. 1106; 1205) and Senior Management and Boards of Directors (Art. 1107) do not apply to any existing, renewed or amended non-conforming measures maintained by a Party at the federal level, as set out in its Schedule to Annex I or III; by a State or province, for two years after the date of entry into force of this Agreement, or by a local government. Each Party sets out in its Schedule to Annex VI its commitment to liberalize quantitative restrictions, licensing requirements, performance requirements or other non-discriminatory measures. Reservations and exceptions to investment, cross-border trade in services and financial services are listed in Annexes I-VII.
Treatment of third party suppliers	None	
Denial of benefits	Art. 1113, and 1211	A Party may deny the benefits of the services Chapter to a service provider of another Party where it establishes that the service is being provided by an enterprise that is owned or controlled by persons of a non-Party and that has no substantial business activities in the territory of any Party. The provision also applies to investors of a non-Party who own or control the enterprise which has no substantial business activities in the territory of the Party under whose law it is constituted or organized.
Standards/mutual recognition	Art. 1210.2	Each Party is committed, within two years of the entry into force of the Agreement, to eliminate any citizenship or permanent residency requirements in its Schedule to Annex I maintained for the licensing or certification of professional service providers of another Party.
Safeguard mechanisms (intra-trade)	None	
Domestic regulations	Art. 1210.1	Any measure adopted or maintained by a Party relating to the licensing or certification of nationals of another Party must be based on objective and transparent criteria; not be more burdensome than necessary to ensure the quality of a service; and not constitute a disguised restriction on the cross-border provision of a service.
Subsidies and state aid	Art. 1201	The cross border trade in services Chapter does not cover subsidies or grants by a Party or a state enterprise, including government-supported loans, guarantees and insurance (Art. 1201.2).
IPR	Chapter 17	Each Party provides in its territory to the nationals of another Party adequate and effective protection and enforcement of intellectual property rights, while ensuring that enforcement measures do not themselves become barriers to legitimate trade (Art. 1701). The rights covered are: copyright (Art. 1705); sound recordings (Art. 1706); protection of encrypted programmes carrying satellite signals (Art. 1707); trademarks (Art. 1708); patents (Art. 1709); layout designs of semiconductor integrated circuits (Art. 1710); trade secrets (Art. 1711); geographical indications (Art. 1712); and industrial designs (Art. 1713).
Government Procurement	Chapter 10	This Chapter applies to measures adopted or maintained by a Party relating to procurement by an entity listed in Article 1001. Each Party accords to the goods and services and of the other Party and to their suppliers, treatment no less favourable than the treatment accorded to its own goods, services, and suppliers (Art. 1003).
Competition	Chapter 15	The Parties agree to adopt or maintain measures to proscribe anti-competitive business conduct and take appropriate action with respect thereto, recognizing that such measures will enhance the fulfillment of the Agreement's objectives. To this end they consult from time to time on the effectiveness of measures taken by each Party (Art. 1501), and cooperate on issues of enforcement, including mutual legal assistance,

		notification, consultation and exchange of information (Art. 1502).
Investment	Chapter 11	The Agreement defines investment and requires national and MFN treatment for investors and investment of the Parties. It also imposes disciplines to eliminate performance requirements, limits nationality and residency requirements for boards of directors, ensures strict disciplines on capital transfers, and expropriation. The settlement mechanism for investment disputes assures equal treatment among investors of the Parties in accordance with the principles of international reciprocity and due process before an impartial tribunal.
General reservations	Chapter 21	General exceptions are provided for national security, taxation, balance of payments and disclosure of information reasons.
Level of Government	Art. 105 and 1213	The Parties must ensure that all necessary measures are taken in to give effect to the provisions of the Agreement, including their observance, except as otherwise provided, by State and provincial governments. For the purposes of the services Chapter, a reference to a federal, state or provincial government includes any non-governmental body in the exercise of any regulatory, administrative or other governmental authority delegated to it by that government.
Accessions	Art. 2204	Any country or group of countries may accede to this Agreement subject to terms and conditions as may be agreed between them and the Commission and following approval in accordance with the applicable legal procedures of each country.
Dispute resolution	Chapter 20 Section B	The Parties should arrive at a mutually satisfactory resolution of any matter that might affect the Agreement's operation through cooperation and consultations (Art. 2003). In the absence of a diplomatic solution, the Parties can request an arbitral panel (Art. 2008).
Relations with other trade agreements	Art. 103 and 104	The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreements and other agreements to which they are party. In the event of any inconsistency between the Agreement and such other agreements, the former prevails to the extent of the inconsistency, except as otherwise provided. In the event of any inconsistency between the Agreement and the specific trade obligations set out in Art. 104 (Relation to Environmental and Conservation Agreements) the latter will prevail to the extent of the inconsistency, provided that where a Party has a choice among equally effective and reasonably available means of complying with such obligations, it chooses the alternative that is the least inconsistent with the other provisions of the Agreement.
Institutional provisions	Chapter 20	A Commission and a Secretariat are established for administering the Agreement. The Free Trade Commission, comprising cabinet-level representatives, supervises implementation and resolves disputes that may arise on the interpretation or application of the Agreement (Art. 2001). The Secretariat, comprising national Sections, assists the Commission (Art. 2002).

Data on trade in services is not available.