

discrimination) continues. Canada considers that any final NAFTA agreement should contain provisions on principles for trade in financial services as well as an effective dispute settlement mechanism. Work in this group is being closely coordinated with Canada's efforts in the MTN.

Future Agenda

The next stage of the negotiations will focus on the development and exchange of preliminary drafting proposals. These would be very preliminary documents, but would serve the useful purpose of helping to focus and coordinate the discussions in individual negotiating groups.

Environment

Canada has undertaken a series of initiatives reinforcing environmental co-operation with Mexico and ensuring the proposed NAFTA respects Canada's high environmental standards.

The initiatives constitute a four-pronged action plan that will:

- uphold environmental standards for traded goods,
- incorporate environmental concerns in the NAFTA consultation process,
- review the potential environmental impact of the NAFTA, and
- intensify Canada's environmental co-operation with Mexico.

The first aspect of the plan concerns the NAFTA negotiations themselves. Within the NAFTA negotiating group on standards, the negotiators will consider trade-related environmental standards, including the nature of standards, technical regulations and approval procedures for products affecting human health, safety and the environment.

The Canadian negotiators are insisting upon the right of a NAFTA member country to establish standards required for sound environmental reasons. Moreover, Canada's right to take any trade measure that is necessary to protect human, animal or plant health or safety in Canada will be reaffirmed in NAFTA. Canada's position is that each country must maintain its ability to set environmental standards and to enact those measures necessary to ensure compliance with internationally agreed upon environmental agreements or accords.