

private investment in a state-of-the-art facility and to greatly increase availability of lead-free gasoline throughout the country.

- Provisions to reduce barriers to cross-border electricity trade and co-generation projects can have the effect of backing out older, less efficient and polluting fuel oil generation facilities (particularly in northern Mexico).
- Demographic pressures in Mexico are fueling the rapid growth of Mexico City and the northern border regions. While rates of population growth have slowed over the past decade, considerable momentum is built into Mexico's future population growth by the postwar period of rapid population increase.
- Mexico will remain a young country demographically. Approximately one million people enter Mexico's labor force each year, compared with two million new job seekers in the U.S. which has a population three times that of Mexico.
- Traditionally, the unemployed have moved to Mexico City or the northern border regions (and from there often illegally to the U.S.). Growth stemming from a NAFTA may help in absorbing this labor force growth in small and medium sized cities with fewer adverse environmental consequences.
- A NAFTA establishing free trade in timber products is not likely to have a direct effect on deforestation in Mexico. Most of the deforestation takes place in the tropical forests of the south to clear land for subsistence agriculture.
- Even liberalization of agricultural trade is likely to have little direct effect on this environmental problem, since U.S. and Canadian agricultural commodities for the most part do not directly compete against these subsistence farmers. In addition, if feasible in conjunction with a GATT Uruguay Round Agreement, restraints on agricultural subsidies may have the effect of reducing excessive fertilizer and pesticide use.
- Over time, faster economic growth and job opportunities throughout Mexico that would likely follow implementation of a NAFTA may be expected to reduce agricultural pressures on tropical forests.

## **ENVIRONMENTAL POLICY AND PROGRAM OPTIONS**

- A wide variety of environmental policy and program options can help minimize any adverse effects of the NAFTA and assist Mexico in its efforts to improve environmental protection. Many of these options have been identified in the course of the development of the Border Plan, while others have been identified in the course of this Review (including public hearings held to gather public input on the NAFTA). These policy and program options will be pursued in the context of the U.S.-Mexico environmental cooperation proceeding in parallel to the NAFTA negotiations.
- Among these environmental policy and program options are the following:
  - Mexico's environmental protection agency (SEDUE) and EPA will be compiling emissions inventories of border communities, estimating requirements for attaining