

OVERALL CONCLUSIONS OF THE ENVIRONMENTAL REVIEW

The NAFTA is the first trade agreement to undergo an environmental review. The NAFTA will not have a significant negative effect on Canada's environment. Rather, the environmental outcome will depend on the trade and investment decisions taken as a result of the Agreement.

The current limited volume of trade between Canada and Mexico makes it difficult to quantify the likely environmental effects of the NAFTA on Canada. Even a 10-fold increase in these exports would not have a significant effect on Canada's environment. In fact, as the improvements in the acid rain problem reveal, environmental improvements can accompany economic growth.

However, from a policy perspective, the NAFTA can be readily assessed for its sensitivity to the environment. The environmental provisions go well beyond those of any previous free trade agreement. The Agreement explicitly protects the fundamental right of Canadians to set and maintain their own high environmental standards.

To date, empirical studies are virtually unanimous in their conclusions about the threat of industry migration to escape stringent environmental standards. The research indicates that differences in costs associated with complying with environmental laws do not provide sufficient incentive to prompt such migration. Furthermore, enforcing environmental laws and regulations has become a priority of the Mexican government. Companies would be ill-advised to expect that the weaker standards or lax enforcement that may have existed in the past will continue in the future.

Given the economic, trade and environmental considerations described in the review, it is unlikely that the NAFTA will have a significant impact on the environment of Canada.

There is a heightened awareness of the continental environment as a result of the NAFTA. The NAFTA negotiations served as a catalyst to significantly increase bilateral and trilateral co-operation. On September 17, 1992 the environment ministers from the three NAFTA countries met and agreed in principle to the creation of a North American Commission on Environmental Co-operation.

The review concludes that, as a result of the NAFTA, future economic development will be implemented with greater environmental awareness. It will be subjected to increased environmental monitoring and enforcement. In turn, the additional resources that would flow from increased economic activity should enhance efforts to address environmental concerns in North America.