

Canada's fundamental interests as a medium-sized, export-oriented economy that is highly dependent on resource-based industries, lie in ensuring and promoting its high environmental standards, while at the same time maintaining an open, rules-based trading system. It is in Canada's interests to constrain the ability of its trading partners, particularly the larger ones, to arbitrarily take actions that would negatively impact on Canada's exports. It is also in Canada's interest to ensure that protectionist interests do not usurp the environmental agenda by promoting their interests at the expense of both trade and the environment.

The pursuit of these fundamental interests has led Canada to adopt two basic principles in dealing with issues relating to trade and environment policies. First, Canada has long opposed unilateral extraterritoriality. Issues that extend beyond the legal jurisdiction of one country should be addressed through international co-operation. Given the inter-related nature of the global environmental challenges, such co-operation is vital to achieving the objective of sustainable development.

Second, in those cases where it is determined that trade measures are necessary for the achievement of an environmental goal, such measures should be designed so as to achieve the goal in a manner that is effective and least disruptive of international trade. While each country must retain the right to choose the level of environmental protection appropriate to its own circumstances, the measures selected to achieve this level of protection should distort trade to the least extent possible, and should not discriminate on the basis of the national origin of the products in question.

Canada will remain active in pursuing its trade and environmental interests in the UN, the GATT and the OECD forums. Canada will continue to strive, as it did in the NAFTA negotiations, to ensure that its trade interests are promoted in a manner that does not undermine the fundamental desire of Canadians for a clean and healthy environment. Similarly, Canada will continue to ensure that its environmental interests are promoted in a manner that does not undermine its need for an open, rules-based multilateral trading system.