

the projected future costs of environmental compliance. These four conditions would be met in relatively few instances.

Canadian business generally does not anticipate that new environmental regulations will adversely affect its overall competitive position in the future. In fact, business representatives have told the Review Committee that environmental concerns are now an integral part of their decision-making processes. Good environmental policy is good business policy. In view of the research and the environmental provisions contained in the NAFTA, there is likely to be minimal, or no, relocation of Canadian industry due to the projected differences in pollution abatement costs.

E. FOLLOW-UP MECHANISMS

The NAFTA negotiations resulted in a significantly heightened Canadian awareness of the continental dimension of environmental concerns. These concerns would continue to be addressed following the implementation of the NAFTA. The relationship between trade and the environment would be treated in various mechanisms of the Agreement, the parallel process and international forums.

Several provisions of the NAFTA would ensure the continued consideration of the relationship between trade and the environment within the context of the Agreement. A Committee on Standards-Related Measures would be responsible for enhancing trilateral co-operation on the development, application and enforcement of environmental standards. Official consultations could be demanded should one party believe that another proposed to derogate from environmental standards for the purpose of attracting an investment. Scientific review boards could provide information to dispute settlement panels on factual matters related to the environment.

The NAFTA negotiations acted as a catalyst to increased environmental co-operation between Canada and Mexico under the parallel process. Canada has committed in excess of \$1.9 million since 1990 under the Canada-Mexico Agreement on Environmental Co-operation. In the case of Mexico and the U.S., a major upgrading of environmental monitoring, enforcement and infrastructure is taking place under the Integrated Environmental Plan for the Mexico-U.S. Border Area. Environment ministers from the three NAFTA countries have agreed to the formalization of trilateral environmental co-operation under a new North American Commission on Environmental Co-operation.

Activities relating to the linkages between trade and the environment are under way under the aegis of the UN, the OECD and the GATT. Progress in these multilateral forums will be of critical importance in determining how trade and environmental principles will be treated in future international trade and environmental agreements.

F. A RETROSPECTIVE

One of the outcomes of the NAFTA negotiations has been a much heightened awareness of the continental dimension of environmental concerns. 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, additional resources that would flow from increased economic activity should enhance efforts to address environmental concerns in North America.