

II. ENVIRONMENTAL REVIEW PROCESS AND METHOD

This chapter begins with an overview of the purpose of environmental policy review. The chapter then presents the Terms of Reference that were given to the NAFTA Environmental Review Committee and describes the activities that were undertaken to fulfil its mandate.

A. THE PURPOSE OF ENVIRONMENTAL POLICY REVIEW

As set out in Canada's Green Plan, the objective of sustainable development is "To secure, for current and future generations, a safe and healthy environment and a sound and prosperous economy."¹ The Green Plan outlines a strategy for achieving this objective identifying, as one priority, the need to accelerate actions to ensure environmentally responsible decision-making within the federal government. In particular, it affirms the commitment by the government to integrate environmental considerations into the policy-making process.

Environmental review has two principal objectives. The first is to improve decision-making by identifying opportunities to maximize environmental benefits and to avoid or minimize negative impacts. The second is to provide information on the environmental effects and related consequences of alternatives, so that environmentally responsible choices can be made from among the various options available. Long utilized as a means to improve planning and decision-making related to projects, environmental review is now recognized as an important tool for ensuring that environmental concerns are given early consideration in the formulation of government policies.

The nature and character of policies differ substantially from those of projects. Policies are frameworks that set guidelines or parameters within which subsequent project decisions are made and actions are taken. Policies can rarely be subjected to the same type of quantitative and predictive analyses that are associated with the assessment of projects, such as the construction of a dam, a mine or a factory. The potential environmental impacts of certain policies cannot be either appraised or fully anticipated in advance of their implementation. The environmental effects of the NAFTA will depend on the trade action and investment decisions taken as a result of the Agreement. However, while the environmental review of policies differs from that of projects, the fundamental purpose remains the same: to ensure the systematic consideration of environmental factors throughout the planning and decision-making stages.

The process of reviewing policies for their environmental implications is very much in its infancy. Canada is one of only a few countries that have such a process. Methodologies for the environmental review of policies are still being developed.

The NAFTA is the first trade agreement to be subjected to an environmental review. However, as demonstrated by this review, the policy appraisal process can provide both an awareness of the potential environmental impacts and a framework for addressing environmental concerns that may arise later. In other words, a primary benefit of an

1. Government of Canada, Canada's Green Plan.