

Mexico are required to submit an environmental plan to detail the potential environmental impact of facilities and specify their abatement plans. Mexico authorizes new investments only after review of these compliance plans.

POSSIBLE ENVIRONMENTAL EFFECTS OF A NAFTA: OTHER ISSUES

- To the extent that increased trade follows implementation of a NAFTA, land transportation traffic would increase with potential impacts on air quality, noise and congestion at crossing and transit routes.
- If a NAFTA liberalizes truck and bus access to Mexico, moreover, lack of low sulfur diesel fuel on Mexican highways may cause damage to vehicle emissions equipment.
- Liberalization of transportation services can also be expected to reduce deadheading by empty vehicles and obviate the requirement that many cargos be transferred at border stations, both of which would have a positive environmental impact.
- There has been a concern that NAFTA provisions on product standards, technical regulations and conformity assessment procedures could be used to successfully challenge U.S. health, safety or environmental standards as "unjustified" trade barriers.
- As noted above, the Administration has made a firm commitment to preserve the right to maintain stringent health, safety or environmental standards, and to maintain the right to exclude products that do not meet such requirements. Accordingly, standards, technical regulations and conformity assessment procedures based on a scientific justification or a consequence of a level of risk the U. S. considers acceptable will not be subject to challenge under the NAFTA.
- If included in a NAFTA, certain energy provisions can have significant, positive environmental impacts in the following ways:
 - Provisions liberalizing conditions for the sale of natural gas to Mexican industrial and household markets can help make gas available to substitute for the widespread use of high-sulfur fuel oil, particularly in the northern areas of Mexico near the U.S. border. This would affect air quality in the region and could also reduce CO₂ emissions.
 - Severe capital constraints on the state oil company have hampered the modernization of Mexican refineries. (President Salinas closed the largest refinery in Mexico City to help combat air pollution.) Mexico is not able to produce sufficient refined oil products for domestic consumption, especially modern vehicle fuels. NAFTA provisions that allowed for capital mobilization for investment in refining capacity would allow reductions to be made in pollution at such refineries and help increase the supply of cleaner fuels.
 - Provisions liberalizing terms for foreign investment in petrochemicals can have similar positive effects. An example is Mexico's recent regulatory change to allow foreign investment in a plant to produce Methal Tertiary Butyl Ether (MTBE), an additive used to replace lead in gasoline. This change allowed Mexico to attract