

*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 flow from increased economic activity should enhance efforts to address environmental concerns in North America.*

*The process associated with the review has provided clear evidence of the benefit of taking environmental concerns into consideration at every stage of the negotiating process. Frequent and substantive contact between the Environmental Review Committee, environmentalists and the negotiators played an important role, not only in optimizing the environmental provisions of the NAFTA, but also in shaping other provisions that do not specifically address the environment. This process, used for the first time in the negotiation of a trade agreement, has established a precedent for the future.*

*Canadian Environmental Review of the NAFTA*

The income generated in Mexico by freer trade will assist the Mexican government in the enforcement of its standards, which are good on paper but have been difficult to police. Modern industrial planning emphasizes environmental responsibility through the most efficient use of resources. Companies recognize that adding the most up-to-date pollution-abatement technology and energy-efficient equipment to their plants will reap, in many cases, long-term financial rewards that offset the initial costs.

*Labour Adjustment:*

The Agreement is sensitive to the need for firms and workers to adjust to the new competitive opportunities. The transition period and the provisions allowing each country to introduce emergency safeguard and temporary snapback measures are designed to allow orderly adjustment.

These adjustments should not be onerous, since Mexico already benefits from relatively low tariffs or tariff-free access to Canada for many products. Indeed, the biggest challenge for Canadians arising from the NAFTA will be to identify the best means to seize opportunities offered by the larger North American market.

The fears raised in some quarters about the competitive advantage of Mexican wage levels in NAFTA are overplayed. Canada has already been competing with nations where labour costs are lower, but our competitiveness is based on much more than labour costs. Our competitive advantages flow from the skills and knowledge of Canadian workers; from the strength of our private and public sector services, such as telecommunications, insurance, health care and roads; from our level of technological development; and from our access to — and relatively low cost of — debt and investment capital.