

conservation agreements over the NAFTA trade disciplines; acceptance of a commitment that governments refrain from offering derogations from generally applicable environmental measures for the purpose of encouraging an investment; co-operation, on a continental basis, on the enhancement of environmental standards and their enforcement; and placement of the burden of proof in a dispute on any nation challenging an environmental standard of another country.

The third aspect of the plan involved the initiation of parallel discussions on environmental co-operation. The NAFTA negotiations served as an important catalyst for a marked expansion of the level of bilateral Canada-Mexico environmental co-operation as well as for agreement on the need for a new trilateral mechanism.

Canada-Mexico bilateral co-operation on the environment was significantly enhanced by the March 1992 announcement of a series of projects, valued at \$1 million, that focus on environmental monitoring and enforcement capabilities. Combined with the \$0.9 million previously allocated for environmental projects in Mexico, this increased total commitments under the 1990 Canada-Mexico Agreement on Environmental Co-operation to \$1.9 million.

A new trilateral approach to addressing continental environmental issues was initiated on September 17, 1992 during an inaugural meeting of environment ministers from the three NAFTA countries. During their first meeting the ministers signed a Trilateral Memorandum of Understanding on Environmental Education and agreed that a formal North American Commission on Environmental Co-operation should be created.

The fourth aspect of the government's plan to bring environmental considerations into the NAFTA decision-making process was that the Agreement would undergo an environmental review. It is the first trade agreement to do so. The review includes an analysis of the potential environmental effects of the NAFTA on Canada's environment and on the right of Canadians to determine the level of environmental protection that would be most appropriate for Canada.

The review was conducted by the NAFTA Environmental Review Committee, comprising representatives from several government departments. The Review Committee was assigned two fundamental objectives. The first was to ensure that the potential environmental effects of the various negotiating options would be taken into account throughout the negotiations. The second objective was to document the potential effects of the Agreement.

In carrying out its functions the Committee assembled and reviewed reports and data from Canadian and foreign governmental and non-governmental sources; met regularly with members of Canada's negotiating team; exchanged information with U.S. and Mexican officials; consulted with members of the trade advisory committees; organized a workshop and two special briefing sessions on NAFTA and the Environment; and provided input for Memoranda to Cabinet.

This report presents the findings of the NAFTA Environmental Review Committee.