

such encouragement. These are important precedent-setting provisions that would establish new principles from which there would be no turning back.

Under the NAFTA, plants and animals would be exempt from mandatory patentability. Countries would retain the flexibility to determine the level of sanitary and phytosanitary protection appropriate to their own conditions and priorities.

Vehicle emissions standards of the three countries would be harmonized upward within three years. Standards pertaining to the transportation of dangerous goods would be harmonized upward within six years.

All duties on environmental goods and equipment would be removed within 10 years. Mexican bus and trucking companies could immediately begin renewing their aging fleets with lower polluting vehicles manufactured in Canada. Expenditures for environmental abatement would be eligible costs when deciding whether a product qualifies as having been produced in North America. Professional service providers such as consultants, engineers and scientists working in the environmental sector would be ensured temporary access to any NAFTA country.

Dispute settlement panels would have the opportunity to seek independent information on the environmental implications of a disagreement between NAFTA countries. With the consent of the parties, a panel could seek information or technical advice on environmental matters from any person or body that it deemed appropriate. Similarly, it could request a written report of a scientific review board on any factual issues concerning environmental matters. The final report of a dispute settlement panel would be published within 15 days of its transmittal to the Free Trade Commission.

Consistent with the objective of maintaining the sovereign right of Canada to establish its level of environmental protection, the NAFTA would not permit unilateral extraterritoriality. Such a policy would not be to the long-term advantage of either Canadian economic or environmental interests. Environmental subsidies would continue to be subject to the provisions of the Subsidies Code of the GATT. Several considerations argued against the adoption of an environmental countervail or environmental duties.

In brief, the NAFTA establishes a new benchmark for environmentally sensitive international trade and economic relations. The environmental provisions of the NAFTA would go well beyond those of any previous free trade agreement.

C. ENVIRONMENTAL SCREENING

As a trade agreement, the NAFTA defines the respective rights, obligations and disciplines that would govern future relations among its member countries with respect to investment and to trade in goods, services and intellectual property. By altering the terms of trade between its member countries, the NAFTA could affect the volume and location of goods and services produced and traded in North America. Changes in economic and commercial circumstances can have coincidental effects on local, national and continental environments.

In considering the potential environmental effects of the Agreement, the NAFTA Environmental Review Committee examined the possible effects of a tripartite trade