

**ON POLLUTION HAVENS...**

***Under the NAFTA, will Canadian companies be encouraged to move to Mexico to escape environmental regulations at home?***

- Migration of industry to Mexico for environmental reasons is highly unlikely, if at all. The NAFTA itself recognizes that participating countries should not lower environmental standards to attract investment.*
- In reality, the average cost of meeting environmental regulations is modest (often less than two or three per cent of total costs). This means that business decisions seldom hinge on environmental considerations alone.*
- As well, Mexico has a tough environmental law, passed in 1988, which it is now striving to enforce. Mexico also has introduced an environmental review process to which new manufacturing investments must be subjected to ensure compliance with new environmental standards.*
- In general terms, polluting companies are usually less efficient in their use of raw materials.*
- Business is fast recognizing that environmentally sensitive processes increase competitive advantages.*