

trade-related obligations in certain international environmental agreements can override obligations in the NAFTA. Any panel established to address an environmental issue may call on the help of a board of scientific experts. Discussions are now under way to lay the ground for co-operative programs aimed at strengthening the enforcement of environmental standards.

- The Agreement confirms the rights of the three governments to set high labour standards and affirms their commitment to the rigorous enforcement of workers' rights. Further discussions have begun on tripartite (labour, business and government) co-operation on improving and enforcing labour standards throughout the free-trade area. The NAFTA does not contain a social charter similar to that of the European Community (EC). The EC is a more comprehensive association that seeks to achieve a high degree of political and social integration, while the NAFTA is limited to trade and related economic issues.
- Water in its natural state, including any interbasin diversion, is not covered by the NAFTA. Only when water is considered a commercial good, such as in bottles or tanks, will water exports be affected. Other natural resources, such as oil, gas, copper and trees, remain under Canadian sovereignty. There is no obligation to exploit them or put them up for sale.

Canadian Water Policy

The Canadian government's federal water policy, announced in 1987, prohibits any interbasin transfer or diversions of water. It states that the federal government will "take all possible measures within the limit of its constitutional authority to prohibit the export of Canadian water by interbasin diversions and strengthen federal legislation to the extent necessary to implement this policy."

Pathbreaking into New Areas

The NAFTA makes important strides into new areas of trade policy, in particular, the environment and labour adjustment.

The Environment:

The environmental provisions in the NAFTA represent a significant achievement. All three countries confirmed their commitment to sustainable development. The trade obligations under specified international agreements (for example, endangered species, ozone depletion, hazardous wastes) will take precedence over the NAFTA. The Agreement urges governments not to establish "pollution havens" by lowering standards to attract investment. Panels dealing with contentious issues that involve environmental issues will have access to scientific expertise. The NAFTA incorporates the GATT exemption that allows governments to protect their environment even when the necessary measures conflict with the Agreement.