

The research suggests that before businesses consider migrating four conditions must be met:

- Environmental compliance costs would be extremely high;
- There would be a significant change in relocation incentives;
- Start-up costs for new investment would be lower than current environmental compliance costs; and
- Projected environmental compliance costs would be significantly lower.

The review determined that relatively few businesses would meet all these conditions.

Related Provisions of the NAFTA

The NAFTA contains a number of provisions that would reduce the likelihood of industrial migration.

- Chapter 1 (General) acknowledges that trade restrictions taken to enforce environmental obligations contained in international environmental and conservation agreements dealing with endangered species, ozone-depleting substances and hazardous wastes take precedence over the NAFTA.
- Chapter 7 (Sanitary and Phytosanitary Measures) permits NAFTA countries to take measures to protect human, animal or plant life or health within their respective territories.
- Chapter 9 (Standards-Related Measures) will require NAFTA partners to enhance co-operation on environmental regulations and enforcement.
- Chapter 11 (Investment) recognizes that NAFTA countries should not lower health, safety or environmental standards for the purpose of attracting investment. These are important precedent-setting provisions that would establish new principles from which there would be no turning back.

CONCLUSIONS

Canadian business generally does not anticipate that new environmental regulations will adversely affect its overall competitive position in the future. In fact, business representatives have told the Review Committee that environmental concerns are now an integral part of their decision-making processes. Good environmental policy is good business policy. In view of the research and the environmental provisions contained in the NAFTA, there is likely to be minimal, or no, relocation of Canadian industry due to the projected differences in pollution abatement costs.