

THE ENVIRONMENT

- ◆ The NAFTA represents an important step forward in dealing with trade and the environment. It contains more environmental provisions than any previous trade agreement. Canada was an active proponent of a number of the environmental provisions. The NAFTA contains a strong commitment to sustainable development and environmental protection and enforcement. It recognizes the right of each NAFTA country to maintain environmental standards higher than those recommended by international organizations. The Agreement also recognizes that the NAFTA countries should not lower health, safety, or environmental standards to attract investment.

Mexico's commitment to improving its environment, combined with the removal of Mexican trade barriers on equipment and services, will present Canadian suppliers with new opportunities.

GOVERNMENT PROCUREMENT

- ◆ The NAFTA provides for better access to government procurement of goods, services and construction in all three countries. In addition, there are improved procedures to cover tendering, challenges to bids and provisions for dispute settlement. The scope and coverage of procurement contract opportunities available to Canadian companies under the NAFTA increase from \$20 billion under the General Agreement on Tariffs and Trade (GATT) and FTA to \$70 billion. This will open up opportunities for Canadians, including suppliers of electrical, oil and gas, and telecommunications equipment and of building materials; consulting engineers; and high-tech software providers.

DISPUTE SETTLEMENT

- ◆ When disputes arise involving interpretation of the Agreement, the NAFTA provides an effective, timely and impartial method of resolving them. The general dispute settlement provisions (Chapter 18 of the FTA) have been drafted to incorporate the entry of a third party (Mexico). These include such aspects as institutional provisions (e.g., creation of a trilateral trade commission), procedures for the selection of panelists, provisions for scientific advice from environmentalists and other experts, and greater transparency. The possibility of unilateral action by any one country has been limited.