

# GLOBAL AGENDA

CANADA'S FOREIGN POLICY AND THE ENVIRONMENT

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## Environment and Trade: In Pursuit of Sustainable Development

Canadians have a number of priorities when it comes to the environment. They want clean air, water and land and are concerned over the possible danger to human health posed by pollution. They want special spaces and species protected. They understand the benefits of global environmental security. They also want to protect and expand the number of jobs and other economic activity that Canada's export industries generate. And they want to ensure the sustainable use of renewable resources like soil, fish and forests so that the ability of future generations to meet their needs will not be compromised.

Increasingly, trade and trade measures occupy an important position on the environmental agenda. This has meant that the linkages between trade and environmental policies have necessitated closer attention. Many of Canada's greatest environmental challenges have significant economic implications. Notable examples are the need for effective management of fish stocks and the sustainable harvest of forests. But because the natural resources themselves and the environmental impacts of their use cross Canada's borders, solutions

must be developed collectively by the international community.

In many cases, international solutions will be required for environmental problems. Canada is an important trading nation; a full one-quarter of our wealth results from international trade and three million jobs depend on exports. The nature of any of these international solutions is particularly important because this country must trade to survive. Much of our trade is in environmentally sensitive natural resource industries. Questions are frequently raised, for example, by European and American environmental groups about the environmental soundness of Canadian forest management practices.

Therefore, solutions must serve both our trade and environmental interests. We must ensure that trade policies do not encourage environmental degradation or restrict legitimate environmental action and that environmental policies do not unnecessarily limit our trading opportunities. To achieve this delicate balance we must address several questions:

*How can we ensure that trade flows are not disrupted needlessly when governments*

*introduce programs with legitimate environmental objectives? And how can we guard against protectionism disguised by loose environmental objectives?*

*Do current trade rules provide governments, acting multilaterally, the flexibility to address serious environmental problems? If not, can any changes be introduced without opening the door to more trade restrictions than environmental protection necessitates?*

*How can we address the effects of trade liberalization on the environment, and on trade flows, between countries with different levels of environmental protection or enforcement?*

*How best can we deal with the threat of consumer trade bans led by groups that feel products or processing methods are environmentally "unfriendly"?*

Canada has been actively seeking to answer these questions. During the negotiation of the North American Free Trade Agreement (NAFTA), an environmental review was conducted to examine the environmental implications of more open continental trade. NAFTA is

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