

Canada, in fact, played a leading role in negotiating strong environmental provisions in the NAFTA. We also advocated establishing a trilateral forum to explore labour issues.

In the current negotiations, we support a wide-ranging role for a North American Commission on the Environment, including the upward harmonization of national environmental standards. We want to promote sustainable development and stronger environmental co-operation among the NAFTA partners. And we favour increased co-operation on the development and enforcement of domestic environmental regulations.

However, Canada firmly believes that these negotiations must not jeopardize, in any way, the benefits to be gained from creating an integrated North American market.

The Government of the United States has proposed the imposition of trade sanctions in the event of violations of labour and environmental laws in any of the NAFTA signatory countries. Canada is fundamentally opposed to this use of trade sanctions. Trade sanctions create barriers to trade that the NAFTA was designed to eliminate. We did not negotiate the removal of trade barriers only to reintroduce them the next day. As Prime Minister Mulroney told a U.S. television interviewer recently, trade sanctions are contrary to the philosophy of free trade and would undermine the confidence that the NAFTA was intended to create. Canadians are not the only ones to view this proposal with alarm. Recently, seven major American industry associations, including the U.S. Chamber of Commerce, sent a letter of protest to U.S. Trade Representative Mickey Kantor. In it they said, "Any use of trade sanctions for non-enforcement of environmental or labour standards is unnecessary and would be counter-productive."

Canada remains confident that an effective agreement can be designed that would foster co-operation, not confrontation, as the three partners develop, improve and enforce their environmental and labour laws and regulations.

These side agreements could affect more than just Canada, the United States and Mexico. Once the Agreement comes into force, applications for membership from other countries are anticipated. It is the intent of Canada that any country joining the NAFTA would also have to abide by the provisions of the side agreements. Once negotiated, these side agreements will have a lasting effect. We must get them right.