

The Environment and NAFTA

The North American free-trade negotiations mark the first time that environmental considerations have been confronted directly in the context of a major trade negotiation. There are a number of reasons why:

- The appalling environmental and social conditions prevailing on the Mexican side of the Mexico-US border provided a ready target for those opposed to the agreement for both environmental and other reasons.
- The fact that these conditions could be related directly to a trade program – the maquiladora program based on US tariff and Mexican tariff and tax concessions – sharpened calls for addressing environmental issues in the context of the negotiations.
- Added to this was concern that lower environmental standards and/or enforcement in Mexico could act both as an incentive for pollution-intensive industries to relocate there as well as offer “unfair” competition to industries meeting higher levels in Canada and the United States.
- There was also the related concern that lower standards and/or enforcement in Mexico could either lead to a reduction in standards throughout the free-trade area or flood the Canadian and US markets with lower cost and lower standard Mexican products.
- Finally, there was the general worry that trade agreements lead to more economic activity at a time when the biosphere needs less economic activity.

Some of these factors had, of course, been present in previous trade negotiations and had been taken into account. But these negotiations mark the first time that a developing country has agreed to negotiate a free-trade agreement with industrialized countries on a fully reciprocal basis raising broad concerns about how the wide disparity in social, political, environmental and other conditions could be accommodated in the context of a trade agreement. These anxieties were readily exploited by those opposed to the agreement for other reasons, particularly those worried about competing with low-cost imports. The result was insistent demands that environmental concerns be addressed in the agreement. US congressional support for these demands ensured that the NAFTA negotiators would have to pay close attention to this file.

From the outset, all three countries have committed themselves to ensuring the highest level of cooperation in meeting environmental objectives, both in the agreement for trade-related environmental issues and in parallel discussion for broader environmental issues. In all three countries, the views and concerns of environmental activists have been actively solicited to ensure that the discussions would be informed and productive. The NAFTA negotiations thus offer a concrete opportunity to determine how the competing objectives of trade negotiators