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CANADA'S OBJECTIVES MET IN THE NORTH AMERICAN AGREEMENT ON ENVIRONMENTAL CO-OPERATION AND THE NORTH AMERICAN AGREEMENT ON LABOUR CO-OPERATION

The Honourable Tom Hockin, Minister for International Trade, said today that Canada met its objectives and negotiated strong and effective measures to protect the environment and workers across North America through side agreements with the United States and Mexico.

Mr. Hockin announced details of the North American Agreement on Environmental Co-operation and the North American Agreement on Labour Co-operation. The agreements were reached after several rounds of negotiations with U.S. Trade Representative Mickey Kantor and Mexican Secretary of Trade and Industrial Development Jaime Serra Puche.

"The agreements will provide the positive assurance that the three NAFTA partners will enforce their environmental and labour laws so that no country gains an unfair competitive advantage," Mr. Hockin said. "These side agreements represent a pledge to the people of North America that Canada, the United States and Mexico will pursue environmentally sustainable growth and promote the well-being of their workers."

Mr. Hockin said the new agreements contain effective enforcement mechanisms without creating new barriers to trade. "Canada was successful in proposing important safeguards for enforcement without instituting the kind of barriers the NAFTA was designed to eliminate."

The agreements aim to settle disputes through co-operation. But where countries fail to enforce their labour and environmental laws and do not correct the problem, they may be subject to fines paid into special environmental and labour funds. In Canada, fines will be enforced by domestic courts. The United States and Mexico, on the other hand, will face suspension of NAFTA benefits based on the size of the penalty. This could be in the form of a

duty or trade sanction. "The agreements guarantee that no new trade barriers will be erected against Canada under the NAFTA," Mr. Hockin said. "Under these agreements Canada will never be subject to trade sanctions."

The precedent-setting agreements commit all three countries to close and ongoing co-operation on a broad variety of environmental and labour issues. These agreements build upon the already strong commitments to work together that were negotiated in the North American Free Trade Agreement (NAFTA). The NAFTA and the side agreements are scheduled to come into force on January 1, 1994.

The agreements mark the first time that developed nations have pledged to work with a developing country on common environmental and labour goals in conjunction with a trade agreement. The agreements are based on the premise of domestic enforcement of domestic laws. The side agreements respect each country's sovereignty as well as provincial jurisdiction.

Canada negotiated the side agreement on environmental co-operation to create a Commission on Environmental Co-operation; strengthen environmental co-operation among Canada, the United States and Mexico; address and resolve disputes; promote sustainable development; and increase co-operation in the development and enforcement of environmental regulations.

The Commission will promote a work plan based on priority areas, including limits on specific pollutants, assessing projects with transboundary implications and reciprocal court access. As well, the Commission will co-operate with the Free Trade Commission to achieve the environmental goals of the NAFTA.

"This environmental agreement marks a milestone in our progress toward global sustainable development," Environment Minister Pierre H. Vincent said. "It creates a firm foundation for greater co-operation and a healthier environment in our three countries."

On labour, Canada is satisfied the agreement will give effect to the commitments in the NAFTA Preamble to "improve working conditions and living standards" in all three countries, and to "protect, enhance and enforce basic workers' rights."

"This agreement achieves Canada's long-standing objective to have labour issues addressed in the context of the North American Free Trade Agreement," said Minister Bernard Valcourt. "As federal Minister of Human Resources and Labour, my concern is to protect the interests of Canadian workers. The North American Agreement on Labour Co-operation protects our own labour standards and respects our sovereignty as a nation. The agreement provides an open window on labour market aspects of trade between Canada, the

United States and Mexico and promotes joint efforts leading to enhanced working conditions," said Mr. Valcourt.

The Labour Commission will work to advance a comprehensive set of principles that are basic to all three countries. The Commission will provide a vehicle where concerns about labour practices in any of the NAFTA countries can be examined and where steps can be taken to ensure that each country enforces its laws. It will be directed by a Ministerial Council made up of ministers from each of the three countries -- in Canada's case, the Minister of Human Resources and Labour.

Canada's position during the negotiations was developed through close, ongoing consultations with the provinces and representatives from environmental and labour groups as well as business.

Talks will be held to include the provinces in the benefits and obligations of the agreements.

"We believe it is in the interests of all the provinces to participate in these agreements since they can play a vital role in preserving the environment and shaping the workplaces of the future," Mr. Hockin said. Negotiations on the side agreements were begun in Washington in March 1993 and followed talks on environmental and labour issues that began during the NAFTA negotiations.

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For further information, media representatives may contact:

Media Relations Office
External Affairs and International Trade Canada
(613) 995-1874

or

Louise Girouard
Environment Canada
(613) 997-1441

or

Denyse Moquin-Sénéchal
Public Affairs
Human Resources and Labour
(819) 994-2239