

Joint Public Advisory Meeting: NAFTA at 20

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Let me thank the members of the JPAC for hosting this meeting, to seek input for your recommendations to the three NAFTA governments to mark the 20th anniversary of the NAFTA and its environmental side agreement. It is a chance both to take stock of what has been achieved as well as the challenges that remain, and I hope that governments carefully consider your recommendations.

If you look back two decades ago, there was a fierce debate between the trade and environmental communities about the relationship between trade and the environment. Specifically, the environmentalists worried that trade liberalization would trigger scale and specialization effects, as well as more specific impacts around policies and regulations including a weakening of domestic environmental regulations—the race to the bottom—and the creation of pollution havens. Moreover, the environmental community worried that trade negotiations were opaque and not open to public scrutiny.

From the trade side, prominent trade economists warned that environmentalists raised unrealistic expectations; for example, in demanding the internalization of environmental externalities, some worried that environmentalists promoted infinite ecological values that market prices were incapable of capturing. But the biggest worry from the trade community was that the whole environmental agenda was about protectionism as well as insisting that industrialized-country environmental standards be imposed upon developing countries.

Many of the assertions were answerable, and unleashed a unique and remarkable research agenda that brought the OECD, World Bank, WTO, non-governmental organizations and universities together to answer these and other concerns. The Commission for Environmental Cooperation (CEC) was created in the middle of this debate, largely for political reasons in Washington. Generally, the result of this concerted research work that began with different perspectives did not find strong evidence of either pollution havens or a race to the bottom directly attributable to NAFTA.

This is not to say there are no trade-environment linkages: there are scale and specialization effects. There are instances in which pollution has jumped because of NAFTA. But these are specific instances, and there are likely others. But in the meantime, the political moment of NAFTA has passed, and the environmental community has virtually left the trade-environment agenda to address other matters.

Where does this leave the CEC? It has clearly lost relevance in the past decade or more; one obvious sign of this diminished relevance is the drop in budget, vacancies among JPAC members, drop in the number of Citizen Submissions under Article 14, and the negligible turnout at many CEC public meetings. I worry that recent decisions of the CEC to cut costs will move the small organization to irrelevancy, as if administrative efficiency in saving on items from communications to coffee are confused with strategic priorities, and lock in a downward spiral of lost relevance.

This is unfortunate for one obvious reason: environmental problems facing North America are significant, they are not going away soon, and several benefit from cooperation based both on economic links as well as geographic proximity. The CEC Secretariat has done outstanding work with a tiny budget around the environmental cooperation agenda. Examples include the Taking Stock and Public release and transfer report, on establishing a North American migratory bird network, in setting out comparable pollution emission inventories for coal-fired electricity sites, and for supporting green goods that link small-scale agricultural production with biodiversity protection.

So looking forward, a key question for JPAC is whether it recommends that the CEC re-enter the trade-environment question, or whether it should build upon the environmental cooperation agenda? I think there are three opportunities for the CEC:

- Energy and climate from a North American perspective: As energy markets continue to become more closely integrated, there is an opportunity to link energy integration with policy analysis that examines how to make equivalent different approaches to climate mitigation among 70 different federal and sub-federal jurisdictions among Canada, Mexico and the United States.
- Cumulative Environmental Impacts: Virtually no county has a strong approach to including cumulative environmental impact assessments within their domestic review processes.
- Environmental data: Progress in measuring environmental outcomes is constantly being impeded by the lack of comparable, quality and transparent environmental data. The CEC has shown that it can bring different data measurements together to make a real difference—the annual Taking Stock is a case in point. I would suggest looking to the European Environmental Agency as one model to advance data challenges around data quality, coverage and comparability.

I wish the JPAC members every success in bringing forward recommendations that are focused, concrete and set the foundation for the future of the CEC.

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