

## **Abstract**

of final paper for the

North American Commission for Environmental Cooperation's  
**North American Symposium on Understanding  
the Linkages between Trade and Environment**

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### **NAFTA and Industrial Pollution: Some General Equilibrium Results**

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We utilize a three-country, applied equilibrium (AGE) model of the North American economy and data from the World Bank's Industrial Pollution Projection System (IPPS) to simulate the industrial pollution impacts of trade liberalization under NAFTA. We find that the most serious environmental consequences of NAFTA occur in the base metals sector. The Mexican petroleum sector is also a significant source of industrial pollution, particularly in the case of air pollution. For specific pollutants in specific countries, the transportation equipment sector is also an important source of industrial pollution. Finally, the chemical sector is a significant source of industrial toxic pollution in the United States and Mexico, but not in Canada.