

Abstract

of paper proposed for the

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

Mexico's Manufacturing Exports and the Environment under NAFTA

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One of the most controversial topics in the discussions that preceded the North American Free Trade Agreement (NAFTA) was the potential role of Mexico as a "pollution haven", given its lower environmental standards compared to its northern counterparts.

This project intends to investigate whether the Mexican industry has become more or less pollution oriented after NAFTA was launched and whether its exports have found a special comparative advantage in the most polluting areas. Also it intends to compare the industrial export activity with the industrial import performance in terms of the environment. This analysis would also be done for the United States and Canada, as a point of reference for the Mexican case.

The research would include at least three tools of analysis and would be applied to the three NAFTA countries:¹

1. It would first measure the "scale effect" and the "composition effect" of the Pollution variation of 28 manufacturing sectors during the period 1993-1997 with a methodology developed by Schatan (ECLAC, 1999²).
2. It would measure the "revealed preferences" of exports to see how competitive pollution intensive sectors versus non-pollution intensive sectors have become in the international market after the signature of NAFTA, as compared to the period prior to NAFTA, for the three countries.
3. A comparison of the environmental nature of imports and exports would be made to see to what extent each country included in the study is a the depository of environmentally inappropriate goods for consumption and production and whether this possible function exceeds or not that of exports of manufacturing polluting goods.

¹ Information from the Industrial Pollution Projection System of the World Bank for pollution estimates by manufacturing sectors would be used.

² ECLAC, *La Liberalización Comercial y los Acuerdos de Libre Comercio: Perspectivas Ambientales para Centroamérica*, LC/MEX/L.369,1999.