Objectives of Project

The objective of the project is to prepare a comprehensive report that will summarize available information on the environmental effects of NAFTA, identify gaps and prioritize data needs concerning information about the environmental effects of trade liberalization in North America and to advise the CEC on new approaches to the ongoing assessment of the environmental effects of trade liberalization in North America.

This project will also support ongoing collaboration among trade and environment officials of the three countries.

Background

Project History and Foundation

The CEC’s work thus far has contributed to a better understanding of trade and environment linkages, improved and informed environmental reviews of future trade and investment agreements by the Parties, and improved environmental assessments of NAFTA by the CEC and the Parties. These benefits are expected to develop greater policy coherence at the domestic and regional levels in North America by helping the Parties make better policy choices on trade and environment issues. They will also help the CEC direct future work. The project will also provide the CEC and the Parties with improved tools to conduct assessments on the environmental effects of NAFTA.

The findings of a 2008 review\(^1\) highlight the value of CEC’s work to date and the need to assess future work in the context of deeper economic integration and emerging environmental issues. These include: (1) climate change and energy; (2) environmental standards, competitiveness and the possibility of green protectionism; (3) shifting consumption and production patterns; and (4) accelerating globalization and changing public opinion. As 2010 marks the end of the CEC’s current five-year planning cycle, it also represents an opportunity to take stock of the assessment work, and to address the findings of the 2008 JPAC and Trade and Environment Working Group review.

In terms of process, the review noted that government officials’ participation at previous assessment symposia had dropped significantly, coupled with a generally low level of private sector and international experts’ participation. Better targeting of participants and the development of partnerships with other organizations was suggested. In addition, the symposium approach, in its current form, was found to be a limited outreach vehicle. It was suggested that the output of the assessment work could lead to the publication of a new flagship publication such as the CEC’s *Taking Stock* report to increase outreach and convey results to new audiences. Further background on the CEC’s ongoing environmental assessment of NAFTA can be found at: [http://www.cec.org/symposium](http://www.cec.org/symposium).

Key stakeholders, Resource Leveraging, Partnerships (to date)

Stakeholders in this effort are the academic community, nongovernmental organizations (NGOs) inter-governmental organizations (IGOs), and government representatives involved in assessing the environmental effects of NAFTA.

of trade liberalization. Over the years, the CEC has collaborated with most of the stakeholders in the field of trade and the environment in general, and NAFTA, in particular. The CEC Secretariat will explore new partnerships and leverage resources for this project, including, initially, the institutions represented in the proposed Panel of Experts (PoE).

**Advisory Groups Related to This Project**

The Trade and Environment Working Group (TEWG) will provide substantive input and guidance to this project.

**Rationale**

This project responds to NAAEC Article 10(6)(d), which commits the Parties to consider the environmental effects of NAFTA on an ongoing basis. It aims to accomplish this by addressing the findings of the abovementioned review and to create the foundations for future CEC work in its next planning cycle.

In essence, this project proposes a new approach, beginning in 2010, creating a Panel of Experts mandated with to develop a report on the Environmental Assessment of NAFTA. This shift from an event-based process to expert-based research will, among other things, allow the CEC to take stock of the work to date, designate upcoming environmental issues, assess cumulative environmental effects and provide recommendations to educate and inform future assessment work. In lieu of broad episodic events, the PoE could constitute a platform to engage with a smaller, but highly relevant set of stakeholders (academic, business, and policy decision-makers in a roundtable format). This format would free up resources to disseminate the results in a wider range of forums, such as roundtables, workshops and conferences.

This approach will result in high quality outputs that will advance and take stock of work to date and will focus on providing recommendations for future assessment work. This includes a review of the existing analytical framework, addressing the implications of environmental trends in North America, assessing cumulative environmental effects, better engaging partners and audiences for this work, enhancing its utility for trade-policy decision-makers, as well as informing more general and useful information outputs for the CEC’s Trade and Environment activities. In its development, this work will consider existing work of environmental assessments on trade, particularly as developed by the CEC, and seek to avoid duplication.

The shift from an event-based approach to an expert-based research process requires consideration of complementary activities to ensure the involvement of the wider public. This issue will be considered by the Trade and Environment Working Group as well as by the PoE. Options include open consultations through an online forum, blogs, collaborative platforms, and subgroup meetings.

**Fulfillment of Strategic Objectives**

This project contributes directly to fulfillment of the CEC’s 2004 Puebla Declaration priorities as well as objectives of the CEC’s 2005–2010 Strategic Plan.5

**Information for Decision-making**

The findings of this work are intended to support government and trade officials in making better policy choices concerning trade and environment issues.

**Capacity Building**

N/A

**Trade and Environment**

The basis of this project addresses directly the assessment of environmental effects of trade.

**North American Scope of the Project and Its Relevance to the Three Parties**

The PoE will include members from each Party. The project will assess the environmental effects of trade within the three countries and for North America as a whole. The recommendations will be relevant for all Parties.

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2 For previous symposia, the CEC posted on its website lists of all authors and participants: http://www.cec.org/symposium/.

3 NAAEC: http://www.cec.org/Page.asp?PageID=122&ContentID=2732&SiteNodeID=567&BL_ExpandID=&AA_SiteLanguageID=1

4 Puebla Declaration: http://www.cec.org/Page.asp?PageID=122&ContentID=1287&SiteNodeID=219&BL_ExpandID=&AA_SiteLanguageID=1

CEC Niche and Value Added
The NAAEC (Article 10(6)(d)) stipulates that the CEC Council shall, among other things, consider on an ongoing basis the environmental effects of the NAFTA.

Accordingly, over the years, the CEC has developed a significant number of studies on the topic which have earned it regional and international recognition for its work in this area. These include publications on the environmental impacts of trade liberalization in North America and the empirical examination of the most common critical hypotheses concerning the impact of NAFTA on the environment.

The CEC is well positioned to establish a Panel of Experts that will continue this work and assess the environmental effects of NAFTA, sixteen years later. To the best of the CEC’s awareness, this work is not being done or proposed by other institutions at this time.

Linkages with other CEC projects
Understanding and information related to the trade-environment relationship within the NAFTA region is central to the CEC’s mandate and will inform current and future CEC cooperative initiatives.

Activities and Outputs
Activities
1. Establish an independent ad hoc Panel of Experts as the lead group responsible to assess the environmental effects of NAFTA at 16 and prepare a report on its key findings. The final structure of the report will be defined during implementation of the project but should include a review of the state of play in relation to environmental assessment of trade in the NAFTA region, identification of emerging issues, and gaps and data needs for this work, together with a set of recommendations.

2. Continue supporting the collaboration among trade and environment officials, particularly through the TEWG.

The TEWG will develop specific terms of reference for the work expected to include:

- Take stock of current knowledge on environmental effects of NAFTA over the past 16 years and produce a high quality report;
- Identify areas of strength and weakness of current impact assessment in addressing cumulative environmental effects;
- Identify most relevant and outstanding questions for future CEC work; and
- Provide recommendations to the TEWG on how to improve the current process for assessing the environmental impacts of the NAFTA (this could include format of future work, target audience, maximizing utility to trade-policy decision makers, potential participants, design of a criteria-based approach to selecting the issue for future work) and recommendations on the dissemination of findings and ways to improve public feedback.

The TEWG will appoint PoE co-chairs to lead and coordinate the work. The PoE will develop a work program and procedures to achieve its mandate. It is expected to engage with the stakeholders and assist in conveying results in various fora including partner universities, research institutions and think tanks (e.g., networks, events, conferences, lecture series in universities, etc.). Decisions will be made by consensus and, while the meetings of the PoE will be closed, it is presumed that some of the outputs of the work will be made public.

Target Groups
The report will initially be of limited distribution to the Parties and working groups. Other target groups will be identified by the PoE and the TEWG.

Partners, Stakeholders
The PoE will be an advisory body composed of 9–12 individuals selected on the basis of expertise and geography. Ideally, the PoE would encompass private, public, academic, NGO and IGO sector members. Each would serve in a personal capacity and not represent an organization or country. The PoE mandate will end 31 December 2010, and its work will be overseen by the CEC’s Trade and Environment Working Group (TEWG).

The PoE may collaborate with relevant international organizations such as OECD, UNEP, UNCTAD, and the WTO in order to promote synergies. Many of these organizations have already been identified and have been involved in past CEC activity. The PoE will also map relevant partners.

Leveraging
The Panel of Experts provides an opportunity to build longer-term relationships and partnerships with academic experts and research centers...
across North America, and to leverage additional resources. The PoE will also explore collaboration opportunities on an on-going basis (e.g. allowing academic institutions in North America to actively participate in areas within their mandate that would require analysis, test–pilots, case studies-, follow-up and scientific or technical discussion).

This project proposal will continue supporting the existing trade and environment collaborative work, including cooperation with the NAFTA FTC.

**Outputs and Associated Timelines**

- The Panel of Experts will produce a report on the environmental effects of NAFTA for the past 16 years together with recommendations to inform future assessment process.

**Anticipated Outcomes and Performance Indicators**

**Direct Outcomes**

- Improved understanding of the environmental effects of trade liberalization;
- Development of recommendations to the TEWG on how to improve the current process for assessing the environmental impacts of the NAFTA;
- Increased awareness of findings targeted audiences such as government officials, NGOs, private sector, local communities, scientific and academia;
- Identification of gaps, emerging issues, prioritization of data needs and approaches to inform future work in relation to environmental assessment of NAFTA; and
- Production of a report indicating the *state of play* in relation to environmental impacts of trade in the NAFTA region.

**Performance Indicators**

- Completion of the summary report.

**Intermediate Outcomes**

- Increased capacity of the Parties and stakeholders to address environmental impacts of trade and to promote synergies between trade and the environment.

**Performance Indicators**

- Report being used and referenced by the NAFTA Parties and other stakeholders in their development of their policies and actions related to trade and environment, including CEC activities.

**Final Outcomes**

- Effective actions to ensure trade liberalization contributes to sustainable development, as called for in NAFTA.

**Performance Indicators**

- Actions being developed and implemented on the basis of the findings from this work.

**Timetable, Project Completion and Sustainability**

**Culminating Steps in Achievement of Program Objectives**

The PoE will be assembled within the first quarter of 2010 with an expected initial meeting early in the year. Regular conference calls will be held among TEWG members and one face-to-face meeting will be held with the PoE. A full report is expected in the fall 2010.

**Target End Date for CEC Involvement**

The CEC’s direct support for this project will end in 2010.

**Sustainability Beyond 2010**

Depending upon the success of this initiative and the depth of interest in the general topic, it is anticipated that PoE partners and associated academic and research centers may continue important aspects of this assessment. This project responds directly to the NAAEC Article 10(6)(d), which commits the Parties to consider the environmental effects of NAFTA on an ongoing basis. The need for future activities will be based on recommendations for their advisability as project outputs of the CEC’s new 2010–2015 Strategic Plan.
Communications

The 2010 report of the PoE will be disseminated to key partners in support of the work of this group.

The broad conclusions and lessons learned from this work will be adapted for dissemination to a non-expert audience.

The accumulated knowledge of the CEC takes greater effect when subjected repeatedly to assessment in collaboration with research and study centers of high performance. Materials produced and published by the CEC, including key deliverables by the PoE, are more likely to be updated and disseminated when accessed by scholars. Partnership development with academic networks, in a more systematic manner, will provide ad hoc venues to boost usage of these materials and contents.

It is assumed that the work of the PoE itself will provide the opportunity to engage key audiences or otherwise communicate their work and that of the CEC. To that end, other outreach activities will be decided on the basis of the work plan of the PoE, including the opportunity to promote participation and awareness of PoE activities.
## Implementation Plan

### Project 3 - Environmental Assessment of NAFTA

#### Strategic Objectives:
- Strengthen North American decision-makers’ understanding of continental environmental issues of common concern.
- Broaden understanding of trade and environment linkages and thereby promote policy coherence, at both the domestic and regional levels in North America.
- Improve regional and national coordination, including coordination between the CEC and NAFTA Free Trade Commission, through ongoing collaboration of trade and environment officials.

<table>
<thead>
<tr>
<th>2010 Tasks</th>
<th>Key Outputs</th>
<th>Timing</th>
<th>Expected Outcomes</th>
<th>Beneficiaries (Reach)</th>
<th>Budget (C$)</th>
<th>Future Activities</th>
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<tbody>
<tr>
<td>1. Establish an independent panel of experts on the environmental effects of NAFTA that will prepare a report on its key findings, identify data gaps and priorities, and provide recommendations on how to conduct future assessment work</td>
<td>Master document on the environmental effects of NAFTA and recommendations to inform future assessment work</td>
<td>12 months</td>
<td>Improved understanding of the environmental effects of trade liberalization Increased awareness of the environmental effects of trade liberalization by general public and targeted audiences such as government officials, NGOs, private sector, local communities, scientific and academia Improved methodology for assessing the environmental impacts of the NAFTA Identification of gaps, emerging issues, prioritization of data needs and approaches to inform the future work of the CEC in relation to environmental assessment of NAFTA</td>
<td>Trade–policy decision makers, trade and environment officials Provincial officials Academic networks, trade and environment research community (universities, NA research centers, etc.) General public</td>
<td>135,000</td>
<td>Future assessment work will be in accordance with the CEC’s 2010–2105 Strategic Plan and will take into consideration the results and recommendations of the report from the Panel of Experts.</td>
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## Project 3 - Environmental Assessment of NAFTA

### Strategic Objectives:
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| Quality Assurance Summary | *Background paper:* The environmental effects of NAFTA and recommendations to inform future assessment work. | Secretariat review: October 2010  
Party review–Quality assurance: November 2010  
Publication: December 2010 | Improved communication between environment and trade ministries  
Improved environmental assessments of NAFTA by the CEC and the Parties  
Better informed trade and environmental policies of the three Parties | Environment ministries  
Trade ministries | 15,000 |  |

2. Continue supporting the collaboration among Trade and Environment officials through their working groups

| Regular conference calls  
Two face-to-face meetings  
Continued sharing of experience amongst the Parties regarding their own work on *ex ante* assessments of trade and investment negotiations | Ongoing |  |

Total Cost: $150,000
### Project 3 - Environmental Assessment of NAFTA

#### Strategic Objectives:
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- Completion of report.
- Report being used and referenced by the NAFTA Parties and other stakeholders in their development of their policies and actions related to trade and environment, including CEC activities
- Adoption of improved methodology for assessing the environmental impact of the NAFTA
- Other actions being developed and implemented on the basis of findings from this work.

#### Key Partners:
TEWG, experts on environment and NAFTA, academic and research institutions, Panel of Experts