

Abstract

of paper proposed for the

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

Assessing NAFTA Effects on Water

by the Sierra Club of Canada

This paper proposal focuses on the water component of the ambient environment. As the framework indicates, the impact of NAFTA related pressures will vary according to the existing environmental state, in the geographic area under consideration. The Sierra Club of Canada proposal is to narrow the geographic scope of the paper to Eastern Canada and the Great Lakes Region, with recognized high impact locales.

We will assess the NAFTA related environmental impacts on water according to the key indicators of quality and quantity as outlined in the framework. We will consider question posed in the framework relating to whether the NAFTA context is reinforcing economic activity to concentrate in the identified geographic areas without adequate technical, management, physical infrastructure and/or institutional capacity. In addition we will consider whether NAFTA is leading to a regulatory/migratory "race to the bottom" in terms of investment and production facilities and processes, with negative impacts on the quality of drinking water, including lead, copper and MTBE concentrations, as well as the stress on sewage waste treatment as an aspect of the physical infrastructure. On the other hand, we will look at examples of clean production and green power initiatives in the region.

The indicators of NAFTA and broader economic effects we would concentrate upon also concern institutional and government policy trends. We will look at the economic policy of deregulation and privatization as it relates to water commodification and environmental services in water development, delivery and treatment as possible indicators of environmental stress. This analysis would likely reveal aggregate indicators related not only to human health costs associated with poor quality drinking water but also to biological integrity and the stress on fish stocks because of industrial solvents and related chemicals present in drinking water.

With respect to water quantity matters, the paper would concentrate on current fresh water use and proposed bulk removals from major drainage basins in the region. The increased use of water for hydroelectricity, industrial, agricultural and municipal drinking supplies speaks to: a link with NAFTA induced economic and investment activity; and the need to identify unnecessary or unsustainable environmental stress as well as mitigation strategies, including the enhanced role of NGOs organizing to ensure water quality, conservation and environmental protection.

Our proposal features the role of NGOs at the regional binational level as in the case of Great Lakes United, on the national level as in the case of the Sierra Club of Canada, and on the local levels as in the case of the Sierra Club Eastern Chapter. Efforts to hold a North American Water Summit are already proceeding.

Finally, as indicated, the paper will focus on the NAFTA stress related to possible bulk water removals. This important aspect of the analysis will consider: the 1993 Statement of NAFTA trade ministers excluding water from NAFTA coverage, the possible exceptions to national treatment and to proportional sharing for environmental purposes, as well as the NAFTA investment rules and dispute settlement. The recent announcement of a Canada-wide Accord to Prohibit Bulk Water Removals from Watersheds provides an opportunity to consider the effectiveness of government policy where there is divided constitutional jurisdiction. Comparative analysis of the US practice related to possible bulk removals as it relates to the Great Lakes regional will also be undertaken.

Our research on trade and investment flows related to water quantity issues will not only reveal that bulk water investment and shipments are already happening but that the trade in related products such as bottled water are also on the rise.

Importantly the aggregate indicator of climate change will be most helpful with respect explaining the concerns about water quantity in the region. These concerns include declining water levels and the debate about whether water is renewable. The over-reaching threat of climate change speaks to the need for a precautionary approach to future policy development and mitigation strategies. The need to support accessible technology related to pollution and desalinization equipment and emerging low impact energy sources will likely be identified as essential to the public policy mix associated with managing the increasing water stress in the region. The trends we identify will likely have application to all of North America.