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BUSINESS COUNCIL ON NATIONAL ISSUES · CONSEIL CANADIEN DES CHEFS D'ENTREPRISE

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THE NAFTA SIDE-AGREEMENTS EFFECTIVE SANCTIONS, YES -- TRADE SANCTIONS, NO

The Business Council on National Issues (BCNI), voiced support in Ottawa today for the federal government's opposition to the use of trade sanctions as a way of enforcing the proposed North American Free Trade (NAFTA) side-agreements on environmental and labour standards.

"We favour effective sanctions and enforcement mechanisms that have real teeth", said Thomas d'Aquino, the BCNI's President and Chief Executive. "But we are opposed to linking trade sanctions to non-trade issues such as the environment. In our view, this is bad public policy and opens the possibility -- however remote -- of protectionists in the United States expanding the application and reach of trade actions against Canada."

Mr. d'Aquino stressed that the Canadian government already had gone a great distance in advancing the case of effective enforcement in all three countries -- for example:

- the acceptance of an international obligation to put into effect NAFTA panel recommendations to correct offensive environmental practices;
- in cases of non-compliance, the acceptance of an international obligation for the offending government to pay a fine determined by a NAFTA panel;
- and, in cases of persistent non-compliance, or refusal to pay the fine, possible recourse to domestic courts.

"These proposals are not only far-reaching but sensible and workable", said Mr. d'Aquino. "Indeed, we understand that they are seen in a favourable light by both the United States and Mexico. What causes us deep concern is the apparent insistence, on the part of the United States, that trade sanctions be added to the list of obligations."

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He went on to point out that the concerns of the Canadian private sector are shared by the leading business associations in the United States who jointly communicated their opposition to the linkage of trade sanctions to non-trade issues in a letter to United States Trade Representative Mickey Kantor on June 4, 1993.

Mr. d'Aquino re-affirmed the strong support of the BCNI for the NAFTA and suggested that an appropriate solution to the impasse over the side-agreements would be for all three parties to permit a degree of asymmetry in the enforcement procedures. "In the final analysis," Mr. d'Aquino said, "what matters most is that the rule of law apply and be respected equally in all three countries -- this should not preclude, however, some flexibility in the methods of application."

Mr. d'Aquino expressed confidence in the Canadian negotiating position. "Canada has acted in good faith, it has been consistent from the outset in its opposition to trade sanctions in the side-agreements, it has been a leader in pushing for strong environmental laws on a continental basis, and it has demonstrated, in the clearest possible terms, its willingness to respect and enforce its international obligations under the NAFTA. The BCNI is satisfied that Canada's bona fides in this matter are beyond question."

The BCNI is a non-partisan and non-profit organization composed of the chief executives of Canada's 150 leading enterprises. Member companies administer assets in excess of \$1 trillion, have a yearly turnover of close to \$400 billion, and are responsible for a significant majority of private sector exports, investment and research and development.

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