

**Public Call for Papers:
Third North American Symposium on Assessing the Environmental Effects of Trade:
Investment, Growth and the Environment**

The Commission for Environmental Cooperation (CEC) of North America and its Advisory Group on Trade and Environment announce *a Public Call for Papers* examining:

1. To what extent has investment spurred by trade liberalization in NAFTA countries changed environmental conditions or policy in investment receiving nations?
2. To what extent are NAFTA institutions improving or not the ability of NAFTA partner governments to eliminate negative effects and seek positive linkages between economic growth and the environment?

More broadly, the papers proposed should address the sustainable development implications of investment and growth of trade liberalization in North America.

The CEC is an international organization created by Canada, Mexico and the United States under the North American Agreement on Environmental Cooperation, commonly referred to as the environmental side agreement to NAFTA. Among other mandates, the CEC is charged with conducting ongoing assessments of the environmental impacts of trade liberalization in the NAFTA countries.

Researchers who have submitted proposals that are selected by the advisory group (see list of members in Annex 1) will be sponsored to present findings of their original research papers at the third North American Symposium on Assessing the Environmental Effects of Trade, to be held in the fall of 2005. The papers chosen will then be edited and published as a symposium proceedings. Financial support of up to \$10,000 per research paper will be available for successful applicants, on an as-needed basis.

Researchers from academia, governmental and nongovernmental organizations, the private sector and/or members of civil society are invited to submit proposals. These proposals should focus on effects within the North American countries—Canada, Mexico and the United States of America—with special attention to shared, transboundary, regional and/or global environmental impacts of the NAFTA and the North American Agreement on Environmental Cooperation.

After years of theoretical and empirical assessment work at the CEC, it has become clear that neither the doom-laden predictions nor the automatic environmental improvements touted before NAFTA came into force have been realized. However, we still know very little about the linkage, positive or negative, between increased investment following trade liberalization and environmental impacts. Furthermore, we do not know whether capital investment, technological improvements, and regulatory responses are sufficient to offset any increased pressure on infrastructure and the environment of the three countries by the growth in our economies.

Given the lack of empirical data surrounding investment and economic growth linked to trade liberalization and their impacts on the environment and sustainable development generally, the CEC will only consider proposals that test hypotheses using robust empirical or legal analyses, or that employ new methodologies seeking to answer the questions posed in the two following thematic areas:

INVESTMENT

To what extent has investment (mainly foreign direct investment) spurred by trade liberalization in NAFTA countries changed environmental conditions or policy in investment receiving nations? Paper topics could include, but would not be limited to empirical and legal analyses such as:

- a) To what extent have foreign firms transferred clean technology and business practices to recipient nations [emphasis should not only be on North-South transfers but also South-North (e.g., Cemex investment in US) and North-North (e.g., US investors in Canada); also, to what extent are small and medium-size enterprises affected]?
- b) To what extent have particular government policies led to improved environmental performance by foreign investors (comparative study)?
- c) To what extent have investment rules within the NAFTA context changed the ability of NAFTA countries to formulate environmental policy?

ECONOMIC GROWTH AND ENVIRONMENTAL CHANGE

- a) To what extent are NAFTA institutions changing the ability of NAFTA partner governments to de-couple economic growth and environmental change?
- b) To what extent is there an empirical relationship between economic growth and environmental conditions in North America, using approaches that go beyond the Environmental Kuznets Curve methodology?
- c) To what extent is economic growth in the region stimulating environmentally-sound technological change or input substitution (in what sectors, what are the drivers?)

These studies should attempt to endogenize existing domestic laws and policies and NAFTA and NAAEC rules. To the extent possible, they should be inclusive and yet be made regionally and locally meaningful by taking into account national and trinational economic and/or legal and environmental linkages. This might include combining general equilibrium and partial equilibrium models or other methodologies or accounting for more than one type of pollutants or natural resources to pick up displacement from one to other pollutants. While the focus should be on environmental considerations, other issues related to sustainable development may be considered, including economic, social, and cultural impacts.

For both the investment and economic growth areas, the focus should not be only the flow of emissions but also the flow of natural resources used. The impacts, both positive and negative, of increased foreign direct investment should focus not only on the environmental impacts but also on the ability to enact national environmental policies to mediate any potential impacts.

Additionally, attention may be given to any role that NAAEC has played in formulating responsive environmental policies.

In the course of developing its Analytic Framework (1999) and as borne out by the research presented at its first trade and environment symposium, the CEC has found that there is no single methodological approach that best captures the diverse direct and indirect environmental effects of trade. Accordingly, analysts are encouraged to use a “menu” of approaches and tools and to compare results arising from different approaches, including:

- the CEC Analytic Framework for Assessing the Environmental Effects of NAFTA,¹ or other methodologies, including CEC approaches for examining present and future environmental trends developed under the guidance of the Critical and Emerging Trends Advisory Group;
- environmental review methodologies developed and utilized by any of the three NAFTA countries for negotiations on free trade;
- quantitative economic or ecological models;
- analysis in support of an “environment first” approach to assessments, the use of ecosystem health, spatial analysis, environmental indicators or other techniques that provide insight into the effects of trade on the integrity of major ecosystems, including important habitat areas, biodiversity hotspots, airsheds, grasslands, wetlands, or measurements; and
- collaboration and network building among research consortia from Canada, Mexico and the United States, in which community-based cooperation, NGO coalitions, or other forms of international cooperation form the basis of research.

Proposals should not exceed 300 words and include a general description of the issues the paper will address, specific hypotheses to be tested, and a thorough description of methodologies and data sources, as well as a short rationale. The final papers should contain policy implications and a “so-what” section after the conclusion. Proposals should be accompanied by a brief curriculum vita of the author(s). Proposals are welcomed from authors both within and outside North America, though the former will be given priority. The subject of analysis should focus on investment, growth and environmental effects within Canada, Mexico and the United States. Submissions are welcome in English, French or Spanish. Submissions should be sent by e-mail with the subject heading “Symposium 2005 Paper” to <clcarpentier@ccemtl.org> with a copy to <emcarrillo@ccemtl.org> no later than **Friday, 8 October 2004**. Abstracts submitted will be reviewed on their merits and all applicants will be notified by **Friday, 12 November 2004**, as to the status of their submissions. All papers will have to adhere to CEC editing styles, as set forth in the CEC Style Guide, and be completed by August 2005.

¹ CEC 1999. *Final Analytic Framework for Assessing the Environmental Effects of the North American Free Trade Agreement* <http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=79>.

ANNEX 1
List of Advisory Group Members

Canada

Brian Copeland

Professor of Economics
Dept of Economics
University of British Columbia
1873 East Mall, Suite 997
Vancouver, BC V6T 1Z1
Canada
Tel: (604) 822-8215
Fax : (604) 822-5915
E-mail: copeland@econ.ubc.ca

Stephen Brereton

Director
Investment Trade Policy Division
Department of Foreign Affairs and International
Trade
125 Sussex Drive
Ottawa, ON K1A 0G2
Canada
Tel: (613) 944-2427
Fax: (613) 944-0679
E-mail: steve.brereton@dfait-maeci.gc.ca

Aaron Cosby

Associate and Senior Advisor
Investment, Trade
International Institute for Sustainable
Development
1958 2nd Avenue
Rossland, BC V0G 1Y0
Canada
Tel: (250)362-2275
Fax: (403)206-0683
E-mail: acosbey@iisd.ca

Stephen de Boer

Deputy Director
Investment Trade Policy Division
Department of Foreign Affairs and International
Trade
125 Sussex Drive
Ottawa, ON K1A 0G2
Canada
Tel: (613) 992-2299
Fax: (613) 944-0679
E-mail: stephen.deboer@dfait-maeci.gc.ca

Bill Rees

Professor and Director,
School of Community and Regional Planning
University of British Columbia
Lasserre 430, 6333 Memorial Rd.
Vancouver, BC V6T 1Z2
Canada
Tel : (604) 822-2937
Fax: (604)822-3787
E-mail : wrees@interchange.ubc.ca

Mexico

Lilia Domínguez-Villalobos

Facultad de Economía
Universidad Nacional Autónoma de México
Av. San Claudio y 22 Sur
Ciudad Universitaria
México, D.F. 04510
México
Tel: (52-55)5622-2385
Fax:
E-mail: ldv@servidor.unam.mx

Dr. Adrián Fernández Bremauntz

Director General de Investigación sobre la
Contaminación Urbana Regional y Global
Instituto Nacional de Ecología
Av. Periférico 5000, 4o piso
Col. Insurgentes Cuicuilco,
Delegación Coyoacán,
México D.F. 04530
México
Tel: (52-55) 5424-6421
Fax:(52-55) 5424-5404
E-mail: afernand@ine.gob.mx

Juan Manuel Torres Rojo

División de Economía
Centro de Investigación y Docencia Económica
(CIDE)
Carr. México-Toluca No. 3655
Col. Lomas de Santa Fé
México, DF 01210
México
Tel: (52-55)5727-9800 x 2734
Fax: (52-55)5727-9878
E-Mail: juanmanuel.torres@cide.edu

USA

Daniel Esty

Director, Yale Center for Environmental Law &
Policy - Professor of Law
Yale Law School & School of Forestry
205 Prospect Street
New Haven, CT 06511
USA
Tel: (203) 432-1602
Fax: (203) 432-5912
E-mail: daniel.esty@yale.edu

Kevin Gallagher

Research Associate
Global Development and Environment Institute
Tufts University
160 Packard Ave.
Medford, MA 02155
USA
Tel: (617) 627-5467
Fax: (617) 627-3712
E-mail: kevin.gallagher@tufts.edu

Mark Linscott

Assistant for Environment and Natural
Resources
United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508
USA
Tel: : (202) 395-7320
E-mail: mlinscott@ustr.gov

David Stern

Associate Professor
Department of Economics
Russell Sage Laboratory
Rensselaer Polytechnic Institute
110 8th Street
Troy, NY 12180
USA
Tel: (518) 276-6386
Fax: (518) 276-2235
E-mail: sternd@rpi.edu

International

Richard Newfarmer

Economic Advisor
International Trade Department and Prospects
Group
World Bank
1818 H Street, N.W.
Washington, DC 20433
USA
Tel: (202) 473 1978
E-mail: rnewfarmer@worldbank.org

Scott Vaughan

Director
Unit for Sustainable Development and
Environment
Organization of American States
1889 F Street NW
Washington, DC 20006
USA
Tel: (202) 458-6248
Fax: (202) 458-3560
E-mail: svaughan@oas.org

ANNEX 2

CEC Analytic Framework

For four years the CEC and the NAFTA Parties concentrated on methodologies on how to ask the right questions about environmental assessments. The Analytic Framework published was the product of many hands and a lot of commitment.² It is worth stressing that the process of building the Framework was as important as releasing the document itself, for studies in this difficult area require transparency and public input.

The point of departure for the Framework is the presentation of a series of hypotheses regarding the assumed environmental effects of trade liberalization. These hypotheses are:

- NAFTA reinforces existing patterns of comparative advantage and specialization, concentrating production where it is most efficient;
- NAFTA can intensify competitive pressures throughout the region, which could increase pressure on firms to reduce input costs, avoid assuming sunken costs like regulatory compliance, or consider moving to areas with lower regulatory requirements;
- NAFTA could lead to economic growth that promotes industrial modernization and reduces environmental stress.

ANNEX 3

CEC Annotated Bibliography and Literature Review

In addition to the Analytic Framework, an annotated bibliography of the reports generated or supported by the CEC thus far, which do not necessarily focus on investment and environment and/or growth and the environment in the context of trade liberalization, is available to facilitate a review of the literature.³

Also of interest is a literature review on trade and environment linkages in North America conducted for the CEC.⁴ The literature review is organized as follows: Part I: The effects of trade on environmental quality; Part II: The effects of trade on environmental policy; Part III: Institutional and policy responses to the trade and environment problem.

² Copies of the Analytic Framework are available in English, French and Spanish on the home page of the CEC, at http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=79.

³ See http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=1569.

⁴ See http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=1563.