

Remarks by Jane Gardner, JPAC Chair and Manager and Counsel, General Electric Company

Third North American Symposium on Assessing the Environmental Effects of Trade: Investment, Growth and the Environment, 30 November 2006, Commission for Environmental Cooperation.

Good morning, ladies and gentlemen!

It is indeed a pleasure to be here with you today, both in my capacity as a member of JPAC and as its current chair, and in my 'regular job' as manager and counsel, Remediation Programs, Corporate Environmental Programs for General Electric Company, at the corporate headquarters in Fairfield, Connecticut.

The Joint Public Advisory Committee considers the Trade and Environment Program to be at the core of the CEC's mandate. This third symposium will continue the cutting edge work produced by previous symposia towards broadening our understanding of trade and environment linkages to promote policy development and coherence within and among our three countries. These efforts will also help the CEC direct future work toward the concerns that most require attention and provide us with improved tools to conduct assessments on the effects of NAFTA on the North American Environment. JPAC applauds these efforts.

Earlier this year, JPAC chose to develop its own strategic plan in order to focus our work and energies to best support the three pillars contained in the new strategic plan of the CEC. The five-year JPAC strategic plan is now in the final stages of public consultation and will be finalized and issued early in 2006.

The CEC pillar addressing trade and environment seeks to promote policies and actions that provide mutual benefits for the environment, trade, and the economy. Efforts will thus be focused on:

- Enhancing North American trade in green products and services, with a view to improving environmental protection, promoting sustainable use of biodiversity, removing trade barriers and utilizing market-based approaches.
- Increasing the capacity of the three countries to identify and address trade-related environmental concerns to achieve mutual benefits for trade and the environment and improve collaboration among the three countries in these areas.
- Broadening understanding of trade and environment linkages and thereby promotes policy coherence, both at the domestic and regional levels in North America.
- Improving regional and national coordination, including coordination between the CEC and NAFTA Free Trade Commission, through ongoing collaboration of trade and environment officials.

Within our own strategic plan, we have developed a set of Working Principles. These are (1) transparency, (2) outreach and (3) engagement, and they are the means by which we will achieve JPAC's vision over the next five years. Let me briefly explain....

1. Transparency

JPAC's five-year goal on transparency is to ensure that the public has access to the factual, unbiased, and meaningful information it requires to make informed decisions about the effects of increased trade on the environment of North America and that members of Council and other policy makers have access to information and expertise beyond their own agencies.

2. Outreach

JPAC's five year goal on outreach is to increase JPAC's visibility in North America with the aim of expanding and improving public participation in JPAC's and the CEC's activities.

3. Engagement

JPAC's five-year goal on engagement is to increase level of public involvement and commitment through our outreach work, so as to increase JPAC's effectiveness in achieving its vision.

We will apply these working principles in the area of trade and environment by doing the following:

1. Transparency: JPAC can provide state-of-the-art information regarding green manufacturing practices and other best practices undertaken by various communities, NGOs and businesses around the world.

2. Outreach: JPAC can sponsor trade and environment workshops, for example:

a) With Indigenous communities, to explore alternative ways of protecting the environment while improving the economy.

b) With the business sector, to explore best practices in green efforts: what works—what does not.

3. Engagement: JPAC can acknowledge achievement by such means as providing letters of recognition.

We began this process yesterday by organizing three roundtable sessions on assessing the environmental effects of trade in North America.

The first session dealt with environmental stewardship towards procurement policies, with a focus on renewable energy. The objective was to look at how procurement policies towards green purchasing have become increasingly important in creating markets for environmental products and services. In the specific case of renewable energy consumers currently have access to a broad range of alternatives to conventional power sources. During this session the panelists provided the audience with specific examples of how environmental stewardship of such policies are contributing and promoting to increase the use of renewable energy in North America.

Key messages from the presentations and discussions were:

Procurement of Renewable Energy

- When communicating environmental values, we need to speak to those who have not yet embraced more environmentally friendly practices and purchasing in their own language and what they care about, such as the health of their children and health of their communities. We need to exercise creativity based on sound science.
- Six million people in Mexico do not have access to electricity and the current production system is not sustainable. New renewable sources of production must be found. Renewable energy production will create jobs and contribute to sustainable development for everyone.
- There is a need for increased research and development to improve small and medium sized technologies and additional financial incentives. Investing in this sector will have spin off effects for indigenous communities by improving health and increasing economic development options.
- Research shows that government procurement and large companies who are shifting to renewable energy are doing so because they want to reduce their greenhouse gas emissions footprint.
- Mexico lags far behind other countries in use of wind (and solar) as an energy source. Yet Mexico has the largest wind potential in the world. Power utility companies are also limiting access to their grids.

Submissions on Enforcement Matters

The second session focused on submissions on enforcement matters and follow up to factual records. The objective was to better understand the opportunities provided by the submissions process. This process with its international character and its granting of authority to nongovernmental actors to initiate the process is the first of its kind in the world. Participants in the session had experiences or were involved with individuals who have gone through the process (including the publication of a factual record) and learned about other mechanisms that non-government actors employed to gain access to information about follow-up to factual records and other environmental information.

Key messages from the presentations and discussions were:

- The experience of the Cozumel case was to protect the area and improve the situation of local people. The Cozumel case also set a standard for future submissions.
- JPAC has shown strong leadership and support for the process over the years and should continue. It is a valuable tool. It is worthwhile to protect and promote. What are the benefits? It sheds light on government's actions, or lack of action. Submissions in Canada have been cited by governments for reasons to cancel or modify activities. The submissions also bring people together that otherwise do not speak to each other. It also opens a dialogue with government. Finally, we can get information that we would not easily otherwise have.
- The primary shortcoming is lack of follow up. We don't see governments taking the information in these records to shift policy or require changes in action by governments or

industry. The purpose is to improve environmental law enforcement and this is not happening in any apparent way. JPAC might want to consider doing work on follow-up.

Market-based Drivers for Sustainable Development

The third session dealt with market-based drivers for sustainable development. Market based drivers, along with national and regional policies can provide both the incentives and disincentives required for achieving sustainable development in North America. Panelists for this session provided different perspectives to assist in our discussions towards gaining a better understanding of the contributions and limitations of economic instruments in the context of the North American Agreement on Environmental Cooperation.

Key messages from the presentations and discussions were:

- Subsidies can serve to increase environmental degradation. For example, in Mexico, subsidies for electricity in irrigation have created an incentive to use more water. This results in overexploited aquifers.
- As the GDP grows so will the demand for energy. In Mexico City, for example, the only way to manage increased demand is to increase the price and put the burden on the consumer.
- There are individual success stories, but looking at the broader use of market instruments, they are the exception rather than the rule. Without regulatory infrastructure economic instruments cannot work.
- Investment is the only way to achieve sustainable development. We are not going to reduce consumption and we cannot tell developing countries that they cannot achieve the same standard of living as ourselves. The only way we will convert unsustainable practices in any sector is with new investment in jobs and technologies that are sustainable.
- Chapter 11 of NAFTA does nothing to direct investment towards sustainable development. It simply provides for investor rights and government obligations. There are no environmental or human rights standards applied. These are the basic ingredients for sustainable development.
- The market does not take into account the real value of natural resources. If the decisions for development are based only on the market, they will be focused only on the short term.

The long-term goal of the CEC's work on the ongoing assessment of NAFTA is to promote information exchange, evaluation methodologies and identification of better environmental practices, in selected sectors, in order to contribute to sustainable development in North America. JPAC supports this goal and will continue to contribute towards its achievement.

Thank you