

NAFTA/USMCA Environmental Implications

Definitions.

NAFTA

A trade agreement between the United States, Mexico, and Canada that eliminated tariffs shipped among the three countries.³

USMCA

A revised version, or a replacement, of NAFTA ratified in 2019 by the three countries with some changes.⁴

Pollution Haven Hypothesis

A prediction that liberation of trade will result in moving pollution from higher income countries to lower income and more relaxed environmentally regulated countries.²

Porter Hypothesis

States that tightening of environmental regulation stimulates technological innovation which positively impacts the economy and the environment.²

Significance.



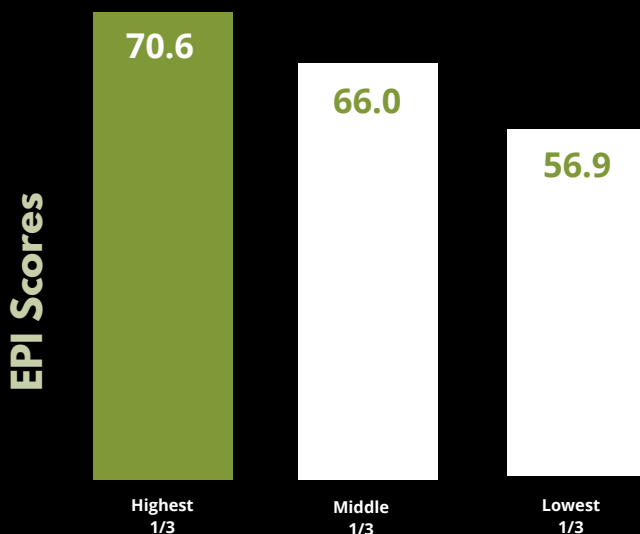
Environmental concerns are the main motivators of harsh criticism regarding NAFTA/USMCA.¹



NAFTA/USMCA environmental side agreements were not designed to make substantial progress in addressing environmental problems. Thus, both trade agreements lack environmental protections that are found in other U.S. trade agreements.⁶

Environmental Performance

higher scores = better performance



Levels of Trade Freedom

Sources: Heritage Foundation calculations, The World Bank, International Food Policy Research Institute, and Yale University.

According to data from the annual Index of Economic Freedom, nations that are more open to trade have higher Environmental Performance Index scores.

Myths and Misconceptions.

Environmental issues are not addressed by the USMCA.

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The USMCA establishes an Environment Committee to achieve the United Nations Agenda 21 objective of "sustainable development."⁴

Free trade causes pollution to move into lower income countries.

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The Pollution Haven Hypothesis has been a concern, but finding evidence for a PHH is not sufficient evidence to show that the PHH is proven to be true.²

Free trade stimulates the production of pollution.

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Pollution is an issue that is becoming less widespread through free trade. However, there are still companies emitting persistent pollution through production.¹

Current Progress.

On top of establishing an Environment Committee, the USMCA includes a portion for environmental issues, and it will supply funding for the Environmental Protection Agency's Border Wastewater Infrastructure Program, which focuses on wetland areas 62 miles north and south across the U.S.-Mexico border, including the Tijuana River Valley.⁵

Moving Forward.

To improve on these efforts, all three countries can and should work together to responsibly develop unconventional resources, build and maintain energy infrastructure, and promote higher energy-efficiency standards (Western Organization of Resource Councils). There can be great potential for environmental improvement through implementing more environmental protections in the Free Trade Agreement. Since the USMCA is a recently ratified agreement, more of its progress and impact on the environment can be further analyzed to find additional issues and solutions on the betterment of the environment.³

Works Cited

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