

COMPENDIUM OF CANADA'S ENGAGEMENT IN INTERNATIONAL ENVIRONMENTAL AGREEMENTS AND INSTRUMENTS

The Canada-United States-Mexico Agreement (CUSMA) Environment Chapter

SUBJECT CATEGORY:

Environmental Cooperation

TYPE OF AGREEMENT / INSTRUMENT:

Regional

FORM:

Legally binding treaty

STATUS:

- Signed by: Canada November 30, 2018
- Ratified by Canada: April 2, 2020
- In force in Canada: July 1, 2020
- In force internationally: July 1, 2020

LEAD & PARTNER DEPARTMENTS:

Lead: Global Affairs Canada

Partner: Environment and Climate Change

Canada

FOR FURTHER INFORMATION:

Web Links:

CUSMA Environment Chapter

Contacts:

 North America Trade Policy and <u>Negotiations Division – Global Affairs</u> Canada

COMPENDIUM EDITION:

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PLAIN LANGUAGE SUMMARY

On July 1, 2020, the new *Canada–United States–Mexico Agreement* (CUSMA) entered into force. CUSMA preserves key elements of the long-lasting trading relationship between the three Parties and incorporates new and updated provisions that seek to address 21st-century trade issues while promoting opportunities for the nearly half a billion people who call North America home.

The CUSMA also integrates ambitious environmental provisions in a dedicated Environment Chapter (<u>Chapter 24</u>). The CUSMA Environment Chapter includes core obligations for Parties to maintain high levels of environmental protection and robust environmental governance, including commitments to:

- enforce environmental laws and not derogate from these laws to encourage trade or investment;
- promote transparency, accountability and public participation; and
- ensure environmental impact assessment processes are in place for projects having potential adverse effects on the environment.

The CUSMA encompasses Canada's most ambitious environment chapter to date and is complemented by a modernized parallel Environmental Cooperation Agreement (ECA).

OBJECTIVE

The CUSMA Environment Chapter commits the Parties to pursue robust environmental protection, effectively enforce environmental laws, and promote transparency, accountability and public participation. CUSMA's Chapter 24, alongside the ECA, preserves the core obligations on environmental governance found in the North American Agreement on Environmental Cooperation (NAAEC).

KEY ELEMENTS

The CUSMA integrates comprehensive and ambitious environmental provisions directly into a dedicated environment chapter within the Agreement (<u>Chapter 24</u>) and establishes a binding and enforceable dispute



resolution process to address any questions regarding compliance.

The Agreement also includes commitments that go beyond the NAAEC on a wide range of global environmental issues such as:

- illegal wildlife trade and illegal logging;
- fisheries management;
- protection of the marine environment and the ozone layer;
- sustainable forestry; and
- conservation of biological diversity and species at risk.

New commitments aiming to strengthen the relationship between trade and environment include:

- the promotion of trade in environmental goods and services;
- responsible business conduct; and
- voluntary mechanisms to enhance environmental performance.

For the first time in a free-trade agreement, CUSMA Environment Chapter includes articles on air quality and marine litter, as well as a binding commitment that prohibits the practice of shark finning. It also recognizes the important role of Indigenous peoples in the long-term conservation of the environment, sustainable fisheries and forestry management, and biodiversity conservation, and takes into account the constitutional rights of Canada's Aboriginal peoples.

The Agreement also provides for an environment consultation mechanism. Should the Parties fail to resolve an environment matter arising under the Agreement in a cooperative manner through various levels of consultation up to the Ministerial level, the complaining Party may seek recourse through formal CUSMA dispute settlement procedures. Additionally, trade sanctions may be imposed by an independent review panel to ensure compliance with environment obligations.

The Submissions on Enforcement Matters (SEM) process, established under the NAAEC, is a key mechanism for promoting transparency and public participation on the enforcement of environmental laws in North America. The CUSMA maintains and incorporates this process, under which citizens of the three countries may file a submission alleging that one of the three Parties is not enforcing its environmental laws. The Commission for Environmental Cooperation

(CEC) Secretariat evaluates the submissions and requests that the implicated Party clarify the enforcement of the environmental law at issue.

Lastly, the CUSMA Environment Chapter includes a new article that identifies seven multilateral environmental agreements (MEAs) and commits the three Parties to implement their respective obligations under those MEAs.

For Canada, this includes the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the Montreal Protocol on Substances that Deplete the Ozone Layer, the Protocol of 1978 Relating to the International Convention for the Prevention of Pollution from Ships, the Convention on Wetlands of International Importance, and the Convention for the Establishment of an Inter-American Tropical Tuna Commission.

EXPECTED RESULTS

Canada is firmly committed to the principle that trade liberalization and environmental protection are mutually supportive. Promoting stable and transparent environmental regulatory frameworks and institutions, through trade agreements, provides Canadian investors with greater certainty on the environmental governance of our trading partners. Environmental provisions in free trade agreements, including the Environment Chapter in the CUSMA support Canadian businesses in remaining competitive by ensuring that trading partners do not gain an unfair trading advantage by not enforcing their environment laws.

CANADA'S INVOLVEMENT

Through the CUSMA, Canada demonstrates its commitment to addressing potential environmental impacts from North American trade. The trilateral pursuit of environmental cooperation is consistent with our highly integrated North American economy. This work supports the protection and promotion of Canada's environmental interests internationally. In particular, it supports the expected result that Canada's relations with other governments and partners are effectively managed in support of environmental priorities.

RESULTS / PROGRESS

Activities

On June 17, 2021, Canada chaired the inaugural meeting of the CUSMA Environment Committee, as well as a virtual public session. The Environment Committee meeting provided an opportunity for Parties to discuss progress and challenges in implementing CUSMA's Environment Chapter and the parallel Environmental

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Cooperation Agreement, as well as to examine areas where Parties can deepen cooperation.

The Committee also held the first public session as part of the Committee meeting, attended by nearly 200 participants from Canada, Mexico and the U.S.

Reports

Joint Public Statement on the Inaugural Meeting of the Environment Committee of the United States-Mexico-Canada Agreement (2021)

Results

The CUSMA Environment Committee undertook an indepth discussion on law enforcement cooperation to

stem wildlife trafficking and trade in illegally harvested timber. Experts from each Party highlighted outcomes achieved and challenges encountered in law enforcement cooperation and exchanged information on efforts underway related to timber traceability and sustainable forest management. Moreover, the Parties committed to conduct a mapping exercise of existing trilateral cooperation efforts related to all commitments in the Chapter, and to provide Committee leads with their recommendations in order to identify gaps. Lastly, the Parties agreed that, despite only being required to formally convene the Environment Committee every two years, it would be beneficial to convene a meeting in 2022.

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