**Supplemental Materials for:**

**Dr. María Antonia Correa, presentation to SFU PS Dept., Sept. 23, 2017, from 10:30-12:00 in AQ 6106.**

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**ABSTRACT**

**Mexico: Environmental Paradise for Canadian Mining Companies?**

Ma. Antonia Correa Serrano[[1]](#footnote-1)

In the first decade of this century, Mexico resumed its role as a mineral exporter, bringing the sector to fourth place in Mexican exportations, after the automotive industry, electronics and oil. In fact in 2013 Metal Economics Group declared that Mexico had become in the last 5 years the main mining investment destination of Canadian companies. However, conditions have become adverse for the sector in the last three years (2014-2016), due to the fall in the price of minerals, as a result of the contraction of international demand.

Latin America remains at the top of the investment attraction with Chile's mining exploration at the top, leaving Mexico in second place. The extraction of minerals in Mexico has been a source of strong opposition from rural communities, both for the defense of natural resources and the negative externalities that this extraction generates on the environment. However, the negative effect on the environment has deepened by: a) the absence of controls b) non-application of the environmental law, c) lack of coordination of local institutions and governments, and d) absence of a trilateral rule within NAFTA in order to reduce the comparative advantages that can provide the flexibility of environmental. Despite the trilateral agreement generates privileges for the companies of the member countries; however, it does not establish a trilateral norm on environmental protection that has to be complied with by companies and sanctioned within NAFTA, such as trade[[2]](#footnote-2) and investments[[3]](#footnote-3).

Differences in environmental legislation gives advantages to the companies that invest in Mexico, besides the low taxes and wages, as well as the lower number of administrative procedures in Mexico, compared to the United States and Canada, even the tax reform to the mining sector in 2014, as will see in this document.

The objective of this paper is to analyze the flexibility of the Environmental Law in Mexico and the privileges that the investment chapter in NAFTA have stimulated Foreign Direct Investment (FDI) in the mining sector. This work assumed that investment in the mining sector in Mexico will continue to grow even as the prices of some raw materials continue to fall, due to the fact that these companies invest in gold and silver, whose price is maintained in international markets and Mexican legislation offers comparative advantages in costs and flexibility of environmental law.

The work is structured in a first part by the economic importance of the mining sector in Mexico and its participation in GDP, employment and exports; as well as the main products that are extracted. A second section examines the participation of FDI in the sector since the opening of the sector and the increase in external demand. A third section looks at the effects on the environment as a result of investment opportunities and differences in taxes in NAFTA member countries.

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Main topics of research: Foreign Direct Investment, globalization and regional integration, Sustainable development, international trade and financial globalization.

International conferences about my research topics: 115

I have published 70 articles and book chapters. I have also participated in the coordination and co-authoring of six books:

**Coordination of books**:

1. Economic Development Program of Xochimilco. UAM-X, Federal District. 1997, coauthored with Dr. Daniel Hiernaux and Dr. Diana Villarreal.
2. Trends of globalization in the new millennium, in coordination with Roberto Gutierrez R., UAM-X, 2001.
3. North America. Exclusionary integration, UAM-X / UAM-I, in coordination with Delia Montero, Plaza y Valdez, 2007.
4. The Global Agenda on International Organizations, UAM-X and BUAP, 2010, in coordination with Dr. Jaime Estay.
5. Strategies and Challenges of the United States against the 21st Century, Universidad Autónoma Metropolitana-Xochimilco (UAM-X / ITACA), 2016.
6. Governance of regional integrations (UAM-X / ITACA, 2017

The last three publications:

1. “Foreign direct investment and environment in the Toluca-Lerma industrial zone” en Miroslawa Czerny y Wojciech Doroszewicz (Coordinadores), *Sustainable Development in peripheral regions*, Editorial Wydawnictwa Uniwersytetu Warszawskiego, Varsovia, 2015, págs. 373-386,
2. “Foreign Direct Investment and Development in the Pacific Alliance” en Alessandra Asteriti, Rodrigo Polanco y Paolo Turrini (Coordinadores), *International Investment Law in Latin America: Problems and Prospects*, Brill/Nijhobb y University of Glasgow, Escocia, 2016, págs. 437-467.
3. "Foreign direct investment and global value chains Mexico-United States" in Ma. Antonia Correa and Federico Manchón (Coordinators), Governance of regional integrations, Autonomous Metropolitan-Xochimilco University Publishing and ITACA, Mexico, 2016, pp. 112-138.
1. Profesor and Researcher, Universidad Autónoma Metropolitana, Mexico [↑](#footnote-ref-1)
2. Chapter XIX of the NAFTA provides for the settlement of disputes for trade in goods in the case of dumping and countervailing measures and includes safeguarding the panel review system (Article 1905), the institutional consultation system on laws and procedures in antidumping and countervailing duties (Treviño, http://www.juridicas.unam.mx). [↑](#footnote-ref-2)
3. Hence the regional level there is a legal vacuum in terms of environmental protection, even if NAFTA introduced the Parallel Agreement on the Environment; however, these principles are not normative and delegated to each country setting its own environmental legislation. [↑](#footnote-ref-3)