



Commission de coopération environnementale

Comisión para la Cooperación Ambiental

Commission for Environmental Cooperation

PRESS RELEASE

CEC Council Joint Communiqué Fifth Regular Session of Council

--Merida, Mexico, 26 June 1998.

The Council of the Commission for Environmental Cooperation (CEC)—composed of Mexican Secretary for the Environment, Natural Resources, and Fisheries Julia Carabias, US Environmental Protection Agency Administrator Carol M. Browner and Canadian Environment Minister Christine Stewart—meeting in Merida, Yucatan, for the Fifth Regular Session of Council, reaffirmed their joint commitment to the CEC and called for a focus on environmental sustainability in open markets, and stewardship of the North American environment as outlined in their Shared Agenda for Action. They met with the Joint Public Advisory Committee (JPAC) and the public for their input and made a number of decisions on the CEC's future work.

Reviewing Progress to Date

An Independent Review Committee appointed last year by the Council presented its report on the operations and effectiveness of the North American Agreement on Environmental Cooperation, the environmental side agreement to NAFTA. The report provided valuable recommendations and insights to the Council for a long-term vision for the institution. The advice from JPAC received particular attention from the Council.

The review revealed opportunities for improvement, as well as some notable accomplishments achieved by the Commission, such as:

- Developing regional action plans for the reduction and elimination of widespread and persistent pollutants, including DDT, PCBs, chlordane and mercury, to protect public health and the environment.
- Providing the public with important regional environmental information. This includes pollutant emissions data shown on a regional basis in the CEC's annual *Taking Stock*

report, and an on-line comprehensive summary of the environmental law of the three NAFTA partners.

- The sharing of scientific information on biodiversity among the three Parties.
- Identifying the cause of waterfowl mortality in the Silva Reservoir in the State of Guanajuato, Mexico, and providing capacity building and planning activities that have assisted the state and federal government in rehabilitation of this important wildlife area.
- Establishing an elaborate process of public participation through the JPAC and national advisory committees, as well as public meetings at the Council sessions, and with working groups.
- Working with the three governments to help develop an open and transparent means of conducting transboundary environmental impact assessments for government projects that may adversely affect the environment of a neighboring NAFTA country.
- Promoting cooperation among the environmental enforcement agencies of the three countries by exchanging information on current policies and practices, and by conducting several capacity building and training exercises.
- Implementing the innovative public submission procedure empowering citizens to allege that a party to the NAFTA is failing to effectively enforce its environmental laws.

"A Shared Agenda for Action"

The Council adopted "A Shared Agenda for Action," which sets a strategic focus for the Commission, starting with planning for the next three years. (See Attachment.)

The first major area of focus is to pursue environmental sustainability in open markets. Under this topic, the Commission will work to promote trade in environmentally friendly goods and services and explore the linkages between environment, economy and trade. In addition, the Commission will strengthen its ongoing analytical and cooperative efforts in environmental standards, enforcement, compliance and performance.

Second, the Council directed that the Commission address issues regarding the shared stewardship of the North American environment, including identifying the relationships between emerging economic and environmental trends, protecting human and ecosystem health, and sustaining the biodiversity on the continent.

Environment, Economy and Trade

Along with the long-term focus on environment and trade set forth in the Shared Agenda for Action, the Council approved specific projects as a first step in fulfilling its goals. These projects, constituting the expanded CEC environment, economy and trade program, build upon the Council's decision at their October 1997 meeting to strengthen the CEC's work in this area.

Regional Action on Global Issues

Within the framework of the Kyoto Protocol, the CEC will work with the three nations and the private sector to develop North American opportunities for the Clean Development Mechanism.

Public Submissions

The Council revised the guidelines governing the public submissions process and released these revisions for a 90-day public review and comment period through JPAC. These revisions were designed to improve the transparency and fairness of the public submissions process and are consistent with the Council's commitment to a process which honors the independence and integrity of the Secretariat's role in this matter and facilitates the ability of the public to file submissions.

With respect to the public submission concerning the "Effective Enforcement of section 35(1) of the *Fisheries Act*" ("B.C. Hydro") in Canada, the Council instructed the CEC Secretariat to develop a factual record.

Engaging the Public

The Council and JPAC agreed on the importance of further involving JPAC in CEC project areas and identified numerous specific opportunities for this involvement. In addition to the review of the guidelines for public submissions, the Council continues to engage the public in CEC activities by authorizing the release of several documents, including the general framework for identifying NAFTA Environmental Effects and the three related sector studies, a report produced by the enforcement working group on environmental management systems, and nomination dossiers on dioxins, furans and hexachlorobenzene for public comment. Nomination dossiers on lead and lindane will also be released for public comment in the near future.

Other Decisions

The Council instructed the Secretariat to explore the benefits of increased cooperation with North American centers of excellence and to analyze the potential for cooperation among the three countries to respond to environmental emergencies.

In regard to financial matters Council has agreed to maintain the current funding level for the CEC in 1999 at US\$9 million and to direct the US\$250,000 1996 surplus funds to strengthening the capacity building component of the Sound Management of Chemicals initiative.

The Council agreed to meet in Canada at its next regular session in June of 1999.

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Annex

A Shared Agenda for Action

A statement on the future work of the Commission for Environmental Cooperation

Merida, Mexico, 26 June 1998

The three North American environment ministers have reviewed the implementation of the North American Agreement on Environmental Cooperation during its first four years, as well as the operations and effectiveness of the Commission for Environmental Cooperation (CEC).

We have listened to comments and advice from a wide range of people, and particularly want to thank the Independent Review Committee and the Joint Public Advisory Committee.

The CEC is a unique and valuable institution. It represents the state of the art in considering environmental issues in trade agreements, and it has a mandate to promote sustainable development. The CEC brings together two members of the G-7 group of industrialized nations and Mexico, still in many ways a developing country. This grouping of nations provides a microcosm of many of the problems of sustainable development facing the world today. The discussion of sustainability through the CEC provides for direct public input from the citizens of all three countries.

The Commission launched a wide range of projects in its first four years, and has many successes to its credit. It is now time for the CEC to further sharpen its focus. This document begins the process of developing a longer term and more strategic approach to the work of the CEC.

This framework builds on the CEC's strengths. It is trinational, and should continue to focus its work on issues of common importance to the three countries. It has the concept of sustainable development at its core, and is therefore in an ideal position to identify policies that can promote environmental sustainability.

The CEC is a new institution within a forest of international organizations, and so must continue to select its niche with care, avoiding duplication with other institutions supported by the three countries, and building upon their work where appropriate. It has shown an ability to leverage its limited financial resources and use them to stimulate financial commitments from larger organizations. It can deliver projects "on the ground", and build capacity for environmental management. Because of its emphasis on public participation, the CEC can develop partnerships with the private sector and other actors in civil society.

Given the CEC's resources, it needs to focus on a limited number of projects. The Commission should aim to produce tangible results from some of its projects each year. It will also make capacity building an important part of the work program.

The following two priority areas will be the focus of the CEC's workplans over the next several years: Pursuing Environmental Sustainability in Open Markets and Stewardship of the North American Environment.

I. Pursuing Environmental Sustainability in Open Markets

Trade liberalization that is supportive of environmental priorities can be helpful in achieving sustainable development. It can provide additional financial resources for environmental

protection, and it can provide meaningful employment opportunities for the disadvantaged. It can facilitate the importation and use of the cleaner and more efficient technologies necessary for the transition to sustainable development. It can open new market niches for environmentally friendly products.

But, freer trade without robust national environmental policies can also accelerate environmental degradation. There have been fears that it could lead to a "race to the bottom" if countries lower their standards in order to remain competitive and attract foreign investment, and it could lead to unsustainable consumption of natural resources.

However, enlightened management of the trade and environment relationship can result in improved conditions in both sectors. The CEC can help governments to formulate actions and policies that promote the kind of trade that supports sustainable development. It can help governments to monitor trends in domestic legislation and compliance to ensure that domestic laws are being effectively enforced. The Commission can assist the three countries by facilitating cooperative efforts in ensuring compliance.

Pursuing environmental sustainability in open markets includes the following areas of concentration: promoting trade in environmentally friendly goods and services; exploring the linkages between environment, economy and trade; environmental standards, enforcement, compliance and performance; and regional action on global issues.

Promoting Trade in Environmentally Friendly Goods and Services.

The market for cleaner, environmentally sound technologies is estimated at over \$250 billion annually in the OECD countries alone. North America has only scratched the surface of the potential for "greener trade".

It is important to find ways to make biodiversity conservation more economically viable. Increased legal trade in wildlife, if managed sustainably, can provide resources to preserve and enhance biodiversity in the three countries. As part of seeing that such trade does not harm biodiversity, the CEC should facilitate cooperative efforts by the countries to meet their obligations under Convention on International Trade in Endangered Species of Wild Flora and Fauna, to prevent illegal trade in endangered species.

Properly managed, ecotourism can also bring badly needed financial resources to North America's poorest regions. It can provide employment, and preserve biodiversity and natural beauty.

More sustainable forms of agriculture provide products for emerging markets. For example, coffee that is planted together with trees, rather than in open fields, can help preserve biodiversity, particularly bird life.

The new project on byproduct synergy promises a pioneering experiment among private entrepreneurs, by encouraging industries to exchange, recycle or minimize the creation of materials that are now discharged as wastes. A material that is a waste to one company may be used as a product by another company.

Exploring the Linkages between Environment, Economy and Trade

The CEC will study the positive and negative outcomes for the environment of NAFTA on an ongoing basis. In addition, the CEC will work towards identifying emerging trends related to the environment resulting from expanding economic activity. Identification of these trends will enable the CEC to examine ways in which the parties can foster policies which benefit the environment, and support the development of regional and domestic responses to adverse trends.

The CEC will work with other NAFTA bodies and appropriate international institutions to ensure that trade and environment policies are mutually reinforcing.

Environmental Standards, Enforcement, Compliance and Performance

Experience has shown that it is extremely difficult to compare environmental performance among countries, or even among regions of the same country. Standards are different, pollutants are monitored differently, and legal systems differ. The CEC should therefore build on its existing work on enforcement cooperation. The CEC should concentrate on:

- The analysis of trends in each country's performance to establish a baseline.
- Compliance assistance and information sharing.
- Development of compliance indicators that show real changes in environmental performance.
- The promotion of improved performance through helping to develop expertise in government environmental management systems, voluntary agreements and ways to improve environmental standards.

Regional Action on Global Issues

There is a realization that the traditional "command and control" approach to environmental protection needs to be supplemented by the use of economic instruments and other market based approaches. North America has a wealth of experience in this area.

The solutions to global environmental problems will require new partnerships between North and South. Because of its unique structure, the CEC can provide leadership in the development of some of these partnerships.

For example, the Kyoto Protocol on climate change calls for the creation of a Clean Development Mechanism. Within the framework of the protocol, the CEC will work with the three nations and the private sector to develop North American opportunities for the Clean Development Mechanism. The three countries would involve the private sector in efforts to disseminate more environmentally friendly energy technologies. The CEC will also look at how to maximize the potential for carbon "sinks", such as forests.

II. Stewardship of the North American Environment

North Americans are trustees of an amazing range of terrain, climate and marine, and terrestrial ecosystems. For example, Mexico's biodiversity places it among the 10 "megadiversity" countries in the world. Many of the problems that affect the continental environment are national, and many are shared by two of the three countries. However, there are a number that are spread across the continent as a whole. It is these problems that should concern the CEC.

Stewardship of the North American environment includes: identifying trends in the North American environment; protecting human and ecosystem health; and sustaining North American biodiversity.

The North American Environment — Identifying Emerging Trends

The CEC will continue to provide an important service by identifying emerging threats to the shared environment, thus allowing governments to anticipate these problems and prevent them before they happen. This effort will help governments to move away from the traditional, and more expensive, "react and cure" approach. Identifying emerging threats could be done initially through a regular "issue scan", prepared by leading authorities from the three countries. Because of the interdependence of the region's environment and its economy, such a scan would need to take account of economic, as well as environmental, trends. The environmental effects of deregulation of the electricity sector could be a case in point. The CEC's State of the Environment Report could provide one of the bases for the scan.

Protecting Human and Ecosystem Health

Here, the CEC has an excellent record of achievement, and has a number of continuing projects such as:

- Cooperation on North American air quality issues.
- The Sound Management of Chemicals.
- The North American Pollutant Releases and Transfers, the *Taking Stock* reports.

This work will continue to provide a critical part of the continuing program of the CEC.

Sustaining North American Biodiversity

The CEC has also made a promising start in this area through its work with the North American Biodiversity Information Network, the mapping of ecologically significant areas, and the drafting of a North American cooperative strategy for birds. This could be used as a platform to move toward:

- Developing and applying a set of basic "conservation status" indicators.
- Capacity building to help the countries meet their biodiversity objectives.

Bearing in mind the complexity of the issue and the number of existing North American activities in this area, a scoping study is required to lay out other future program options in this area.

III. Implementing the Agenda for Action

Developing a Strategic Plan and Three-Year Project Cycle for the CEC

To implement a longer-term strategic approach, the CEC will move to a "rolling" three-year plan. The organization will always be planning ahead, and will review and renew its long-term plan every year. This provides an appropriate balance between timeliness of results and the security needed for multi-year projects.

At the organizational level, this approach will be based on close cooperation among the partners which comprise the CEC: Council, the Joint Public Advisory Committee (JPAC) and the Secretariat. The public will be engaged openly and effectively. The Secretariat and JPAC will be working from the start with representatives of the countries to develop the first rolling plan this year and the work program for 1999. In the first year, the influence of the Strategic Plan on the workplan will be limited, as many projects are already in the pipeline. But, by the end of second year, most of the CEC's projects should be developed in accord with the strategic plan.

This will require detailed planning for projects. The Secretariat will need to survey available information resources and, when appropriate, the science base for the issue. In light of the CEC's limited resources, and its function as a catalyst for most of the issues it tackles, projects will need to be able to produce concrete results, and usually be of limited duration. When possible, projects should reflect national priorities to which the governments are willing to commit their own resources for implementation of project results. Most projects will require "exit strategies" detailing how they will be carried on after CEC support has come to an end.

Projects will be designed to include milestones, and an internal mechanism to ensure their achievement. This will also entail regular project evaluation.

The North American Fund for Environmental Cooperation

The North American Fund for Environmental Cooperation (NAFEC) will continue to be a source for community funding, and its effectiveness will be enhanced by focusing grants awards on projects that support CEC's new three-year plan, and NAFEC will also focus on developing the capacity in public participation. This new focus for NAFEC will result in an enhanced capacity of citizens to become active partners in improving the North American environment.

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