

**SESSION 99-01 OF ALTERNATE REPRESENTATIVES
SUMMARY RECORD**

The Council, represented by the Alternate Representatives, met via conference call on 6 and 8 January 1999. Ms. Norine Smith (Canada) chaired the meeting. Mr. José Luis Samaniego and Mr. William Nitze represented Mexico and the United States, respectively. Mr. Jonathan Plaut, represented JPAC and Ms. Janine Ferretti, Interim Executive Director, represented the Secretariat. Mr. Marc Paquin, Council Secretary, was the session secretary. Other officials from the Parties and the Secretariat were also in attendance.

Item 1 Adoption of the agenda

The Alternate Representatives adopted the agenda for the session based on the provisional agenda (Annex A).

Item 2 Approval of the 1999-2001 Program Plan

The Alternate Representatives approved the 1999-2001 Program Plan of the CEC. They also approved the Summary of a North American Agenda for Action: 1999-2001, subject to the revision by the Secretariat, with the General Standing Committee (GSC), of the section outlining what will be the achievements of the CEC by the end of the first three-year period, that is the year 2001.

Item 3 Review of the 1999 Annual Program and Budget

The Alternate Representatives approved the 1999 Annual Program and Budget of the CEC with the understanding that the GSC will verify all necessary text changes to the descriptions that require modifications. It was also agreed that the GSC would develop a project description for the Environmental Education/CICEANA, to reflect the discussions held by the Alternates (see discussion Item 9 below).

Item 4 Report by the Interim Executive Director

In her report, the Interim Executive Director indicated that the Parties and the Secretariat now need to undertake the preparation of the next regular session of the Council to be held in June 1999, focusing on the identification of the potential announcements for that session.

As well, she presented to the Alternate Representatives the grid of Council decisions prepared by the Secretariat to facilitate follow-up of Council decisions.

The Interim Executive Director reported on a recent agreement between the CEC and the International Civil Aviation Organization (ICAO) whereby the ICAO will assist the CEC in the development of job descriptions for existing posts which will then serve to establish a job classification system. She also reported that the selection process for the Communications Coordinator was underway with interviews scheduled to take place in March 1999.

Item 5 Statement by the Chair of JPAC

The Chair of JPAC indicated that JPAC had made its report at the last session of Alternate Representatives held 16-17 December 1998.

Item 6 Approval of summary records

The Alternate Representatives approved the summary record of session 98-08 and the record of discussion of the conference call of 9 October 1998 with KPMG (98-E).

Item 7 Negotiations of the North American Agreement on Transboundary Environmental Impact Assessment

The Alternate Representatives discussed the status of the negotiations of the Agreement. They further agreed to explore the feasibility of including TEIA as a potential announcement for the US-Mexico and Canada-US bilaterals to be held in February 1999.

Item 8 Process and timeframe for finalizing the Public Participation Guidelines

The Alternate Representatives reviewed and approved the process and time frame developed by the Secretariat and adopted by JPAC for the preparation of Public Participation Guidelines of the CEC.

Item 9 Update by the Secretariat and the Parties on financial issues

The Secretariat provided the Parties with a financial update on the 1997 and 1998 budgets as well as 1997 surplus and 1998 forecast surplus, indicating that each Party has about US \$60,000 of surplus funds. Canada indicated that its domestic financial rules require that any surplus owed to Canada be credited against its contribution for the following year or reimbursed to it. The Secretariat indicated that Mexico's surplus amount would be applied toward its unpaid contributions, to which Mexico did not agree, considering that this would contravene Council Resolution 98-10. The Alternate Representatives asked the Secretariat to hold further discussions with Mexico regarding any surplus owed to Mexico. Finally, the United States indicated that the US \$60,000 surplus funds owed to the United States should be allocated as follows: US \$30,000 to the Persistent Bioaccumulative and Toxic substances transport activity under the SMOC project and US \$30,000 to the Environmental Education/CICEANA proposal. It was agreed that if the Environmental Education/CICEANA proposal were to be funded, this would be the last allocation for CICEANA and that the project description must build from previous CEC work on environmental education with a clear link to the CEC work program. Mexico decided to apply its surplus funds to CICEANA.

On the status of its contributions, Mexico indicated that, as a result of the fluctuation in the exchange rate, the resources provided to cover its contribution to the CEC will generally be subject to losses upon the exchange of pesos in dollars. In 1997, its contribution amounted to US \$2,529,000, and to US \$2,757,000 for 1998. The Secretariat noted that Mexico had an excess in its contribution account of US \$81,000 at the end of 1996 and that during 1997 it was credited with its share of the 1995 surplus which amounted to US \$68,000.

The Secretariat was asked to prepare an analytical paper to provide the Alternate Representatives of a comprehensive update of the financial situation of the CEC in relation to the Parties contributions.

Item 10 Agreement with the Province of Québec, including tax reimbursement

Canada indicated it is continuing its internal discussions on the matter and is hopeful to be able to report progress on the matter at the next session of Alternate Representatives.

Item 11 US Income Tax – Status reimbursement

United States indicated that it should be in a position to report on the progress made in this matter by the time of the next session of the Alternate Representatives.

Item 12 NAAEC Part V Model Rules of Procedures

The Alternate Representatives confirmed the attendance of their respective delegations to the meeting on Models Rules for Part V of NAAEC scheduled from 1 to 5 February 1999 in Mexico City. Mexico further indicated that it is currently working on the preparatory logistical arrangements for that meeting and that it will inform the Parties and the Secretariat of the details as soon as they are finalized.

Item 13 Spanish Version of CEC Rules

The Alternate Representatives agreed to instruct the responsible individuals that they meet and finalize the Spanish version of the rules in time for their adoption at the next session of Alternate Representatives. In order to do so an initial conference call is to be scheduled in the week of 11 January.

Item 14 Date and venue for the 1999 Regular Session of the Council

Canada indicated that it expected to be in a position to confirm next week the precise location for the 1999 Regular Session of the Council scheduled 28-29 June 1999. Nevertheless, Canada indicated that the meeting would definitely take place in Alberta.

Item 15 Scheduling of next sessions of Alternate Representatives

The Alternate Representatives agreed to hold their next session via conference call on Wednesday, 27 January 1999 at 4:00 PM EST (3:00 PM Central) to discuss, inter alia, the critical path and the potential announcements for the regular session of the Council to be held next June.

They further agreed to hold the next environment and trade officials meeting and an Alternate Representatives session on 8 and 9 March 1999, pending availability of their trade counterparts.

Item 16 Other issues

No other issues were discussed.

Item 17 Closure of the session

The Chairperson closed the session.

AGENDA

TELECONFERENCE SESSION 99-01 OF ALTERNATE REPRESENTATIVES

Held 6 January 1999, from 1:00 to 5:00 PM (EST) (*12:00 to 4:00 PM, Mex. time*)
and 8 January 1999, from 1:00 to 3:00 PM (EST) (*12:00 AM to 2:00 PM Mex. time*)

CHAIR: Canada

- Item 1 Adoption of the Agenda
- Item 2 Approval of the 1999-2001 program plan
- Item 3 Approval of the 1999 Annual Program and Budget
- Item 4 Report by the Interim Executive Director
- Item 5 Statement by the Chair of JPAC
- Item 6 Approval of the summary records
- Item 7 Negotiations of the North American Agreement on Transboundary Environmental Impact Assessment (TEIA)
- Item 8 Process and timeframe for finalizing the public participation guidelines
- Item 9 Update by the Secretariat and the Parties on financial issues
- Item 10 Agreement with the Province of Québec, including tax reimbursement
- Item 11 US Income Tax – status and reimbursement
- Item 12 NAAEC Part V Model Rules of Procedures
- Item 13 Spanish version of CEC Rules
- Item 14 Date and venue of the 1999 Regular Session of the Council
- Item 15 Scheduling of next sessions of Alternate Representatives
- Item 16 Other issues
- Item 17 Closure of the session

**SESSION 99-01 OF ALTERNATE REPRESENTATIVES
ANNOTATIONS TO THE AGENDA**

Item 1 Adoption of the agenda

In accordance with Council Rules of Procedure (R. 9.6), the Council shall adopt the agenda for the session at the beginning of the session based on the provisional agenda.

The Alternate Representatives are expected to adopt the agenda for the session.

DOCUMENTS:

- a) Provisional annotated agenda (distributed 24-12-98) C/C.01/99-01/AGEN/01

Item 2 Approval of the 1999-2001 Program Plan

In accordance with the CEC Program Development Cycle (annexed to Council Resolution 98-09) approved by the Council in Mérida (June 1998), the Alternate Representatives are expected to finalize the remaining projects and formally approve the 1999-2001 Program Plan.

DOCUMENTS:

- a) Revised draft Three-Year Program Plan for the CEC (distributed 20-11-98) C/C.01/98-07/PLAN/01/Rev.4
b) Final descriptions for the following projects (distributed 22-12-98):
 - Emerging Trends in North America
 - Regional Cooperation towards the Improved Understanding and Eventual Implementation of the Clean Development Mechanism (CDM);
 - NAFTA Environmental Effects;
 - Facilitating Conservation of Biodiversity as it relates to trade in Wildlife Species;
 - North American Biodiversity Conservation Mechanisms
 - Sound Management of Chemicals
c) Summary of the Three-Year Program Plan, including matrix of functions (distributed 1-12-98)
d) CEC Program Development Cycles for 1998, 1999 and beyond (annexed to Resolution 98-09)
e) JPAC Advice to Council 98-05 (distributed 28-09-98) J/98-05/ADV

Item 3 Review of the 1999 Annual Program and Budget

In accordance with the CEC Program Development Cycle (annexed to Council Resolution 98-09), the Alternate Representatives are expected to review and approve the proposed 1999 Annual Program and Budget which was revised by the Secretariat to incorporate changes proposed by the Parties to the Three-Year Program Plan during the last session of Alternate Representatives.

DOCUMENTS:

- a) Draft 1999 Annual Program and Budget (distributed 25-11-98) C/C.01/98-08/APB/01/Rev.2
b) CEC Program Development Cycles for 1998, 1999 and beyond (annexed to Resolution 98-09)

Item 4 Report by the Interim Executive Director

In accordance with Council Rules of Procedure (R. 5.3), the Executive Director may make oral and written statements to the Council. The Interim Executive Director will report on Secretariat activities.

DOCUMENTS:

- a) Record of Council decisions and their status as of 14 December 1998 (distributed 14-12-98) C/C.02/98-11/DISC/01/Rev.6

Item 5 Statement by the Chair of JPAC

Under this item the Chair of JPAC will provide an update to the Alternate Representatives on JPAC activities.

DOCUMENTS:

- a) Draft JPAC Summary Record of Session 98-05 (to be distributed) J/98-05/SR

Item 6 Approval of summary records

In accordance with Council Rules of Procedure (R. 11), the Executive Director prepared the summary records of Alternate Representatives sessions. Speakers may submit corrections to the summary records of their remarks before they are finally approved by the Council (R.11). The Alternate Representatives are expected to review and approve the summary records of sessions 98-08 and the record of discussion of the conference call of 9 October 1998 with KPMG (98-E), which have already been cleared by the GSC.

DOCUMENTS:

- a) Session 98-08 Summary Record (distributed 23-12-98) C/C.01/98-08/SR/01/Rev.1
- b) Record of discussion of 9 October 1998 conference call with KPMG (23-12-98) C/C.01/98-E/SR/01/Rev.2

Item 7 Negotiations of the North American Agreement on Transboundary Environmental Impact Assessment

The Alternate Representatives are expected to discuss the status of negotiations of the Agreement. At their last session, the Alternate Representatives agreed to ask the Parties' negotiators to consider further the proposed text submitted by Mexico and the United States with a view to breaking the current stalemate.

DOCUMENTS:

- a) Proposed text submitted by Mexico and the United States (tabled at session 98-08)

Item 8 Process and timeframe for finalizing the Public Participation Guidelines

The Alternate Representatives are expected to review the process and time frame developed by the Secretariat and JPAC for the development of Public Participation Guidelines.

DOCUMENTS:

- a) Proposed process and time frame for finalizing the public participation guidelines (distributed 25-11-98) C/PLAN/01
- b) Background Paper: Public Participation issues for the CEC (distributed 21-08-98)
- c) Summary Analysis of Interview Results (distributed 21-08-98)
- d) Advice to Council 98-06 (distributed 28-09-98)

Item 9 Update by the Secretariat and the Parties on the financial issues

Under this item, the Secretariat will provide the Parties with a financial update on the 1998 budget, including expenditures, amounts obligated and expected surplus funds, if any.

Mexico is asked to indicate when they it will be making its outstanding 1998 contributions. The Parties are asked to provide their schedule of contributions for 1999. In accordance with Council Resolution 94-2 each Party shall inform the Executive Director by November 15 of the payment schedule for appropriated funds that it Party intends to follow for the subsequent program year provided that a minimum of 30% of the annual contribution is made at the time of the initial payment and no more than 20% at the time of the last payment;

In addition, as part of the external audit of the CEC's 1997 financial statements, Mexico is asked to provide confirmation of its contributions for the year 1997, as per the request of the CEC's auditors, Samson Bélair, Deloitte & Touche, dated 25 February 1998.

DOCUMENTS:

- a) Letter from Interim Executive Director to SEMARNAP, dated 25 February 1998

Item 10 Agreement with the Province of Québec, including tax reimbursement

Pursuant to Resolution 95-04 and Summary Records of sessions 95-02, on 29 July 1998 the Secretariat forwarded to the Parties a copy of the Agreement between the CEC and the Government of Québec, for their review and approval. The Parties are asked to indicate whether or not they are in agreement with the text of the proposed agreement. Should the Parties agree with the text of the proposed agreement, the Alternate Representatives are expected to authorize the Secretariat to sign it on behalf of the CEC in accordance with the above-mentioned resolution.

The Government of Québec is awaiting the signature of the above agreement in order to reimburse to the CEC C\$800,000 in sales tax and to formalize the current ad-hoc arrangements regarding provincial health insurance, drivers licenses, English education rights, etc.

DOCUMENTS:

- a) Proposed Understanding between the Government of Québec and the CEC concerning immunities, tax privileges and courtesies.
- b) Council Resolution 95-04
- c) Summary Record of Session 95-02

Item 11 US Income Tax – Status reimbursement

United States is asked to report on the developments relating to the reimbursement to the CEC by EPA of income tax paid on behalf of US citizens employed by the CEC. So far, the CEC has paid C \$41,781.

DOCUMENTS:

- a) Session 96-07 final Summary Record C/C.01/96-07/SR/final
- b) Session 96-10 final Summary Record C/C.01/96-10/SR/final

Item 12 NAAEC Part V Model Rules of Procedures

The Alternate Representatives are expected to confirm attendance of their delegation to the meeting on Models Rules for Part V of NAAEC scheduled from 1 to 5 February 1999 in Mexico City. As agreed by the Council at its 1998 Regular Session, Part V Model Rules are to be finalized within the same timeframe as the completion of the revised Articles 14 and 15 Guidelines.

DOCUMENTS: No documents

Item 13 Spanish Version of CEC Rules

The Alternate Representatives are expected to review and adopt the Spanish version of the CEC rules. Should the rules not be ready for adoption, the Alternate Representatives are expected to discuss and agree on a calendar for the finalization and adoption of the Spanish version of the rules.

DOCUMENTS:

- a) Reglamento del Consejo (to be distributed) C/C.01/96-06/DISC/01/Rev.1
- b) Reglamento del CCPC (to be distributed) C/C.01/96-06/DISC/02/Rev.1
- c) Reglamento financiero (to be distributed) C/C.01/96-06/DISC/03/Rev.1
- d) Reglamento laboral (to be distributed) C/C.01/96-06/DISC/04/Rev.1

Item 14 Date and venue for the 1999 Regular Session of the Council

The host country (Canada) is expected to confirm the venue for the 1999 Regular Session of the Council scheduled 28-29 June 1999. The Parties are invited to examine the critical path which establishes realistic deadlines for the timely and effective organization of the session.

DOCUMENTS:

- a) Critical path (distributed 10-12-98) C/C.01/99-00/PLAN/01

Item 15 Scheduling of next sessions of Alternate Representatives

The Alternate Representatives are expected to adopt the proposed calendar of sessions to December 1999, taking into account the timetable established by the Council for the approval of the Program Plans and Annual Programs and Budgets. In particular, they are expected to confirm their availability for the next meeting scheduled for 15-16 April 1999.

DOCUMENTS:

- a) Proposed schedule of sessions for the period of November 1998 to December 1999
(distributed 10-12-98) C/C.01/98-08/PLAN/01/Rev.1
- b) CEC Program Development Cycles for 1998, 1999 and beyond (annexed to Resolution 98-09)

Item 16 Other issues

At the time of writing the Secretariat had no other issue to include under this item.

DOCUMENTS: No document

Item 17 Closure of the session

The Chairperson is expected to close the session.

DOCUMENTS: No document