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1 PROGRAM UPDATE

1.1 Environment, Economy and Trade

A more integrated North American economy calls for a greater degree of coordination and cooperation to facilitate environmental protection, while also supporting our growing economies and trade, in order to achieve the goal of sustainable development, as spelled out in the Preamble of the NAFTA text.

A more integrated economy also provides opportunities to complement environmental regulation and use creative, market-based instruments, such as economic incentives and financial instruments. It underscores the need to engage the principal economic actors in environmental protection and conservation in new public-private partnerships. Farmers, businesses, consumers, landowners, investors and others hold the key to bringing about environmentally sustainable economic development.

To promote and participate in this process, the CEC's Environment, Economy and Trade program has three goals:

1. To continue improving our understanding of the environmental effects of free trade and related economic integration in North America, as well as to identify opportunities for policy integration between environmental and trade policies in a manner that actively promotes transparency and public participation;
2. To identify opportunities among the NAFTA partners for cooperation and trade in environmental goods and services, including renewable energy and energy efficiency; and
3. To strengthen partnerships with the private financial services sector in the area of finance and the environment.

1.1.1 Assessing the Environmental Effects of Trade

The CEC published a paper sponsored by the Ford Foundation, highlighting lessons and findings from the first North American Symposium on Understanding the Linkages between Trade and Environment. The paper, called "Trade and Environment: The Picture Becomes Clearer," is available as a small report, on the Web, and extracts have been used to advertise the second North American Symposium. The CEC also published the proceedings and papers of the first North American Symposium on Understanding the Linkages between Trade and Environment.

To conclude our previous work on emerging environmental trends, the final report, entitled "Understanding and Anticipating Environmental Change in North America: Building Blocks for Better Public Policy," has been distributed to our stakeholders.

The second North American Symposium on trade and the environment was held in Mexico City in March (2003), in collaboration with the United Nations Environment Program (UNEP) and in conjunction with the UNEP workshop on capacity building for trade and environment in Latin America, as well as with the JPAC public workshop on Chapter 11. The symposium attracted more than 200 people.

The suite of events, marketed as the week of "Trade and Environment in the Americas," was attended by international organizations such as OECD, UNCTAD, the WTO, and UNEP, as well as 16 representatives from nine Latin American ministries of the environment and/or trade (financing for these representatives came from IDRC).

Thirteen papers selected by the Symposium Advisory Group were presented, covering topics ranging from the relationship between climate change and international trade to the effects on production of agricultural trade liberalization. The keynote speaker was Ricardo Melendez-Ortiz, executive director of the International Centre for Trade and Sustainable Development.

1.1.2 Trade in Environmentally-Preferable Goods and Services

A study that documents the growth in the Mexican environmental sector generated by NAAEC and other international environmental agreements, produced in collaboration with OECD's Joint Working Group on Trade and the Environment, and Semarnat, has been presented at the June 2003 OECD Joint Working Group on Trade and the Environment (to which the CEC was an observer).

Sustainable Palm

A market survey was conducted on 400 church organizations to determine their interest in and willingness to pay for sustainable *chamaedorea* palm fronds for use in church services.

Sustainable Coffee

In February 2003, we co-sponsored with IDRC, an UNCTAD/ISSD meeting to brainstorm about the coffee crisis. Three of the four largest coffee buyers (Nestle, Proctor and Gamble, and Kraft), together with coffee associations from producing and consuming countries, were represented.

Conservation International, with our financial support, produced a manual to train coffee producers organized in cooperatives to develop their own credit applications.

Conservation Easements

In January 2003, the CEC cosponsored a session at the Pronatura/TNC IV Congress on land conservation and easement in Cancún to explore similarities and differences in land easements across North America. Potential financial and fiscal mechanisms to protect our shared environment through coordinated land easements are being explored with these partners, in collaboration with the Conservation of Biodiversity program.

Renewable Energy

The background paper, *Market-based Mechanisms for Carbon Sequestration, Energy Efficiency and Renewable Energy in North America: What are the Options* was distributed to the Parties. Comments have been received and will be incorporated before the final version is presented to Council in June.

The CEC produced two papers on the electricity sector in Mexico. The first describes recent changes in foreign and domestic private investment in Mexico's electricity sector, and explores whether there is any relationship, between foreign direct investment and planned export (or importation) of electricity. The second report describes changes underway, or being proposed, to promote renewable energy in Mexico. It provides information on proposed policy changes affecting renewable energy, and gives examples of innovative renewable energy projects.

Proceedings of the renewable energy meeting, held in collaboration with Cespedes and Conae, have been posted on the CEC and Conae web sites, and distributed on CD ROMs to participants of the meeting and other interested parties.

Green Procurement

An exploratory meeting was hosted by the CEC, in Montreal in September 2002, on the need for collaboration on green procurement at the North American level. Participants represented the Center for the New American Dream (CNAD), TerraChoice Inc. (TCI), EPA, Environment Canada, Semarnat, Inform, Green Seal, industry, purchaser groups, ICLEI, Consumers' Choice Council, and the CEC. A

presentation by each NAFTA government's environmental agency/ministry on their purchasing behavior was followed by the compilation of a list of constraints to fostering green purchasing facing these agencies in their governments. The goal was to move from the problems to the tasks, and then to a structure to accomplish those tasks that are better addressed at a trilateral level. Impediments to green purchasing include lack of good environmental information, a lack of environmental standards, misplaced concerns about the NAFTA/WTO trade rules, and a lack of incentive to change purchasing behavior

It was agreed that the CEC would serve as a secretariat to the North American Green Purchasing Initiative (NAGPI, a North American network of networks). It was agreed that work will be undertaken to quantify environmental benefits of green purchasing, develop a web-based information network for green products and develop a business case to support enhancement of programs in this area.

A report has been prepared on "Green Procurement: Good Environmental Stories from North America" that documents the level of green procurement in North America and other locations in the world, and provides specific examples of the environmental impacts of these programs. A pamphlet summarizing the findings serves as an information tool for green purchasing. Given the obvious link between procurement policies and trade agreements, an additional piece, entitled "Green Procurement in Trade Policy," has been completed that concludes that fears of green procurement policies running afoul of international trade agreements are not founded.

Green Consumption

In collaboration with the North American Alliance for Sustainable Consumption and UNEP, a survey of sustainable production and consumption activities and projects in North America has been initiated.

1.1.3 Financing in Support of Environmental Protection and Conservation

Following the March 2002 meeting on financing and the environment, the CEC developed working relationships with Financial Initiatives-North American Task Force, OECD, and Environment Canada to further the work on financing and the environment. Proceedings of the second CEC meeting, organized this time in collaboration with UNEP-Financial Initiatives-North American Task Force, HSBC, PricewaterhouseCoopers and the American Bar Association's Section of Environment, Energy and Resources, have been published. The meeting took place on 26 February 2003, and addressed issues relating to financial information disclosure regulations, as well as to further our understanding of the materiality of environmental information in financial statements. Information from the environmentally sensitive sectors of oil and gas, electric utilities, pulp and paper, and mining was considered and the perspective of auditors (KPMG), financing/managing consultants (PricewaterhouseCoopers) and rating agencies (Standard and Poor's) was given. A summary report of lessons learned has been prepared and will serve as a background document to the June Council Session.

Similar work is being pursued in Canada in partnership within a network composed of Environment Canada, the National Roundtable on the Environment and the Economy (NRTEE), the Canadian Institute of Chartered Accountants, the Conference Board of Canada, CEC, WRI and others, to better document and disseminate the business case for environmental disclosure. Another study is documenting what environmental information mainstream financial analysts are using, as well as why it might be useful to identify opportunities for reconciliation between investor-useful environmental information and that traditionally used by analysts and rating agencies.

The Environment, Economy and Trade program sponsored the development of a background paper to provide information on the recent trends, current status and immediate prospects for environment-related investment, including Foreign Direct Investment (FDI), as well as debt, equity and venture capital investments, and environment-related investments in developing countries, using Mexico as an example.

The results of this work were presented at a joint program meeting between JPAC and the Environment, Economy, and Trade program area on “Investing in North America’s Future: Innovative Financing for Sustainable Development,” in December 2002, in Monterrey, Nuevo León, Mexico.

North American Sustainable Agriculture Fund project

The CEC has been working for four years with the chain of producers and businesses handling sustainable coffee. Efforts over this period have confirmed the environmental and social benefits of sustainable coffee, its marketing potential, and have noted that there is a lack of access to credit for certain coffee businesses along the supply chain.

The CEC has identified this credit “crunch” as an unrealized “win-win” opportunity for investors and the environment alike, and has prepared a proposal to create a funding vehicle that would look at just how this win-win opportunity might be realized. Instead of creating a completely new management structure to operate this fund, the CEC has presented the proposal to various entities already in place that could operate the fund on behalf of their investors.

A preliminary agreement has been reached with *Fomento Ecológico Banamex* to develop a joint pilot fund for sustainable coffee with approximately three cooperatives in three Mexican states.

1.1.4 Article 10(6) Environment and Trade Officials Group

Regarding the trade and environment ministerial meeting, the Parties agreed to consult with their respective deputy ministers about the possibility of convening a meeting at that level.

The Parties committed themselves to further examining potential themes for the development of an agenda for a deputies or ministerial meeting, based on the discussion paper submitted by Canada. The United States, as chair, agreed to collect the Parties’ comments and propose a possible date and venue for such a meeting.

1.2 Conservation of Biodiversity

1.2.1 Strategic and Cooperative Action for the Conservation of Biodiversity in North America

A fifth draft of the Biodiversity Strategy has been agreed upon by the country chairs of the Biodiversity Conservation Working Group (BCWG). The Parties had finished a process of public review and inter-agency feedback. During the second trilateral meeting of the Biodiversity Conservation Working Group, a final document will be produced to be presented for Council approval.

1.2.2 North American Bird Conservation Initiative

The implementation of North American Bird Conservation Initiative (NABCI) projects and the assessment of the conservation status of birds are the two main activities that respond to the support expressed by Council in 2002, in particular, concerning “the importance of regionally-based partnerships for project delivery and the use of networks and databases that promote conservation delivery” (2002 Council Session Communiqué) of NABCI projects.

Implementation of NABCI

The trilateral implementation of NABCI projects is being addressed by supporting two complementary activities: regional workshops and on-the-ground projects.

The first four workshops were carried out in priority areas in Mexico that have strong linkages to Canada and the United States: the Yucatán Peninsula (eastern flyway), the Chiapas’ mountainous cloud forest

(western flyway), the Chihuahuan desert (prairie grasslands) and the Jalisco coast (wetlands). These workshops were designed to help build regional alliances in Mexico and promote the development of Trinational NABCI Projects. In the course of 2003, the national coordinators and the CEC will use the outcomes of these workshops to raise human and financial support for the emerging trinational cooperation agenda related to each region.

Along with the workshops, the first NABCI on-the-ground projects carried out with CEC support were completed. The conservation work was habitat-focused so that it would benefit both local and migratory birds as well as overall biodiversity. All projects were linked to ongoing conservation initiatives, including to projects funded by the Neotropical Migratory Bird Conservation Act. The work in Canada and the United States focused on on-the-ground delivery of conservation action (habitat enhancement, management and acquisition) while the work in Mexico focused more on building capacity (inventory, monitoring, education and outreach).

Status of bird populations of North America

Species' assessment criteria were developed at a national scale for all bird species in Mexico, compatible for the first time with those used in Canada and the United States. This information will be further refined at a regional scale, through several workshops scheduled for 2003. This work is being carried out in collaboration with leading conservation organizations (e.g., Conabio, Conservation International, Cornell University Ornithology Lab, Pronatura).

Other highlights include:

- A video on NABCI is currently being made to highlight the “human face” of bird conservation and it is scheduled to be ready for presentation at the 2003 Council Session.
- *Bird Calls*, the newsletter of American Bird Conservancy [Vol. 7(1): 5] recently published an article on the grassland NABCI on-the-ground project supported by the CEC.

1.2.3 Terrestrial Species of Common Conservation Concern

Activities under this initiative pertain to ongoing efforts to build a trinational strategy for the Central Grasslands of North America, together with projects concerning the recovery of several of the grassland species of common conservation concern. Recent highlights include the presentation of the CEC's trinational framework for grassland conservation and related activities in various regional and trinational fora. Notably, in February 2003, the CEC was invited to give the keynote presentation at the black-tailed prairie dog technical meeting in Colorado, as a forum to present the main activities supported by this initiative. Preparations are being made together with partner organizations for establishing a network of significant grassland areas throughout North America.

Additionally, ongoing work aimed at facilitating trinational conservation efforts for the shared grassland species of common conservation concern include the following:

Recovery of the black-tailed prairie dog

The CEC supported the first trinational map showing the size and location of all known prairie dog ‘towns’ in North America. This map is a basic step to for discussions on the allocation of efforts to cooperate for the conservation of this species. The map will be made available through CEC's web site. Moreover, CEC-supported research is underway to assess the impact of prairie dogs as competitors with cattle for grass, as this is a main reason for their elimination.

Recovery of the ferruginous hawk

Assisted by satellite telemetry the migration of the ferruginous hawk is being monitored through Canada, Mexico, and the United States. The information generated by the two adult hawks captured and released in Mexico in January 2003 with CEC support is being used to understand the habitat needs of this species and identify key areas in need of protection. Moreover, the CEC supported the development of a web site that will publish their movements and significance. The web site will be on the air on 1 May 2003.

Importance of the grasslands ecosystem: Itinerant exhibit

A traveling exhibit is currently being built to promote awareness throughout North America of the importance of grasslands and, in particular, of trinational linkages manifested in the Janos region. This exhibit will feature the work of professional photographers who have donated their work. The host of the 2003 Council Session, the US EPA, has agreed to include this exhibit at the opening of the session and the ministers will provide the official “blessing” to the exhibit before it starts traveling through the three North American countries.

1.2.4 Marine Species of Common Conservation Concern (MSCCC)

Work is continuing on the SCCC (marine and terrestrial) book. The MSCCC profiles and maps of species’ ranges and key habitats were peer reviewed and feedback incorporated. This work is also being incorporated into the NABIN marine pilot and is being used by the North American MPA Network (NAMPAN).

MSCCC country chairs will be at the Marine Advisors Meeting, being held in conjunction with the Fifth International Conference of the Science and Management of Protected Areas Association (SAMPAA), to review progress to date, discuss the next steps for the MSCCC project, as well as review the white paper on integrated management for the NAMPAN, in which MSCCC key habitats are being proposed as one level in the four-scale system of ecologically important conservation areas. The MSCCC key habitat was also used as one of the various criteria to identify priority conservation areas in the Baja California to Bering Sea region during the April 22–24 workshop.

The CEC and its partners have begun planning for a late summer/early fall workshop to develop North American Cooperative Action Plans for the first set of MSCCC species. During this workshop, participants from government agencies, NGOs, academics and other related stakeholders will build upon the species profiles and define detailed cooperative activities for the species. The CEC and its MSCCC partners have also begun discussing the specifics to be included in the background report on the impact to MSCCC from commercial and non-commercial fishing activities, and have begun the fine-tuning for the monitoring project as well.

1.2.5 North American Marine Protected Areas Network

Increasing capacity of and interaction among MPA conservation stakeholders

For the Fifth International Conference of the Science and Management of Protected Areas Association (SAMPAA) (11–16 May, Victoria, BC) a CEC ad hoc committee organized sessions around the work of the North American MPA Network to build regional, national and international capacity to conserve critical marine and coastal habitats. Work from the North American Marine and Estuarine Ecological Regions, MSCCC, B2B/Pacific Coast Priority Conservation Areas, the Integrated Management for NAMPAN, and Management Effectiveness Initiatives were presented. The Marine Advisors Meeting was also held during SAMPAA. In this meeting, advisors from government agencies, NGOs, academia and other stakeholders met to review progress to date of the NAMPAN initiatives, discuss the next steps, as well as review the white paper on integrated management for the NAMPAN and the steps needed to land the theory regionally.

Strategic development of a network of MPAs in North America

On 22–24 April 2003 (Burnaby, BC), about 50 experts from various sectors, including government, NGO, academia, fisheries, indigenous groups, worked together to identify priority areas for conservation on the west coast/Baja California to Bering Sea region. Over these three days, data analyses on collected data were shown and reviewed, expert opinion was shared, individual areas were chosen based on ecological importance, threat, opportunity (which also took into account connectivity and representation), and finally, priority conservation areas were identified—a milestone for the CEC, MCBI and their partners. These areas will be reviewed to identify where the NAMPAN integrated management initiative will be piloted.

Better monitoring and understanding of our shared marine environment

Within the global WCPA-Marine/WWF-led MPA management effectiveness initiative, the CEC has been supporting Canada's participation in the piloting of the indicators at the Saguenay St. Lawrence Marine Park. Preliminary results from the pilot are being presented at the Fifth International Conference on the Science and Management of Protected Areas Association (SAMPAA).

1.2.6 Closing the Pathways of Aquatic Invasive Species across North America

In partnership with NOAA, the Second Workshop on Aquatic Invasive Species (AIS) was held in San Diego, CA. Aquaculture, pet-aquaria, live food fish and live bait, were the trade-related pathways selected as a primary focus, along with a set of invasive species considered by each country as being of common continental concern. A multistakeholder group identified 20 potential areas for bi- or trilateral collaboration and two priority actions for immediate implementation: 1) the development a North American-distributed database on AIS; and 2) the prevention and control of spread of invasive algae/sea weed on the Pacific Coast of North America.

1.2.7 North American Biodiversity Information Network

NABIN continues to focus on promoting open access to North American biodiversity information. In winter 2002, NABIN funded independent strategic assessments of CEC information management, GIS, and NABIN definition and niche. These reports resulted in recommendations to improve CEC capacity, including GIS processes to support programs. The reports were distributed to Advisory Committee members for comment. One aspect of defining NABIN's niche involves clearly differentiating NABIN from its products.

To promote the implementation of standards for biodiversity information sharing in North America, NABIN has been working with a number of agencies including the Canadian Information System for the Environment (CISE), the Canadian Biodiversity Information Network (CBIN), The National Biological Information Infrastructure (NBII), NatureServe, the North American Integrated Taxonomic Information System (ITIS-NA), the Mexican National Commission for the Knowledge and Use of Biodiversity (Conabio), the Trilateral Committee for Wildlife and Ecosystem Conservation and Management, NatureServe, the Inter-American Biodiversity Information Network (IABIN), the Clearinghouse Mechanism (CHM-CBD), and the Global Biodiversity Information Facility (GBIF).

Web site

Progress on a NABIN web site and discussion forum is moving ahead, pending input and collaboration from CEC's internal Information Technology development and the ongoing redesign of the CEC web site. NABIN databases integrate content from the CEC marine conservation initiatives, namely marine protected areas data, marine ecoregions, and marine species of common conservation concern. This will

demonstrate and test the concept of connecting databases on species within regional ecosystem maps and apply results in support of CEC initiatives.

Intellectual Property Rights

Copyright issues related to biodiversity information are summarized in the paper, “The State of Copyright Law and Its Impact on Distributed Environments in the NAFTA countries.” The document was reviewed by the three governments and is available through the CEC and the Canadian Heritage Information Network (CHIN). Further, intellectual property rights issues surrounding the free exchange of biodiversity information in North America were assessed in collaboration with the American Museum of Natural History in New York, as part of the Biodiversity Commons initiative.

Expert Advisory Committee

NABIN has scheduled by country member meetings to assess membership representation and roles. The NABIN advisory general meeting will be scheduled for fall 2003. The focus of the discussion will be on assessment of roadblocks to share biodiversity information as well as the emphasis areas to further NABIN partnerships, update on NABIN’s web presence, ITIS-NA, the Biodiversity Commons, critical habitat, protected areas, and regional nodes.

North American Clearinghouse Mechanism

Informal discussions have begun to assess the institutional requirements and feasibility for NABIN to become the NA-CHM regional focal point. Formal discussions are planned between the CHM-CBD and the respective CHM focal points in the three countries.

1.3 *Pollutants and Health*

1.3.1 Cooperation on North American Air Quality Issues

Facilitating Trilateral Coordination in Air Quality Management

In collaboration with the North American Pollutant Release and Transfer program (PRTR), the CEC Air Quality program co-sponsored a PRTR exchange between Semarnat personnel and officials of the US EPA in Washington and Environment Canada in Ottawa during September and October 2002. The purposes of the visits were to learn the experiences, difficulties in implementation, legislation and validation and control mechanisms in each country in creating and developing their national pollutant reporting registries.

During January and February 2003, the CEC co-sponsored two meetings on air emissions inventory development in Mexico City. The meetings were organized as part of the Integrated Program on Urban, Regional and Global Air Pollution, headed by Luisa Molina and Nobel Laureate Mario Molina. Participants with air emission inventory expertise from all three North American countries participated. The meetings also brought together investigators in the Integrated Program with participants in another CEC-supported activity to develop a national air emissions inventory in Mexico (discussed in the following section).

Developing Technical and Strategic Tools for Improved Air Quality in North America

During 2002, the CEC supported the completion of Phase 2 of the three-phase Mexico National Emissions Inventory project. This project is to develop a national air emissions inventory for Mexico, and is in collaboration with the *Instituto Nacional de Ecología*, Semarnat, the Western Governors’ Association, and the US EPA. A number of participants from states and universities in Mexico also contribute to the inventory development. As a result of Phase 2, the project participants plan to release in July 2003 an air emissions inventory for the six northern border states of Mexico. During Phase 3 of this

project in 2003, also being supported by the CEC, the methods and information developed for the six northern states' inventory will be extended to the rest of Mexico.

The CEC held a meeting in Montreal, in October 2002 on "Best Available Technology" (BAT) for the control of air pollution from new sources. The meeting brought together government experts at the national, state/provincial, and local levels to discuss information resources and evaluation criteria for determining what are the best available air pollution control technologies that can be applied to proposed new sources in North America. One goal of the meeting was to provide advice on the scope and function of an information clearinghouse that can be used by government air quality managers in making these types of determinations. The CEC is currently working on developing a second workshop on BAT during 2003 based on this advice. The workshop will involve training on finding and using information on BAT to add air quality managers responsible for BAT determinations.

Trinational Air Quality Improvement Initiative: North American Trade and Transportation Corridors

In January 2003, the CEC held a workshop in Montreal on Methodologies to Assess Vehicle Exhaust Exposure. About 15 participants from government, academia, and private research institutions in all three North American countries attended the one-day workshop. The main topic of discussion was to seek out common elements for researchers to incorporate into studies of population exposure to vehicle exhaust along major transportation corridors and congested border crossings. The participants proposed a list of elements deserving further investigation, and the CEC is currently discussing a follow-up meeting to expand upon the identified elements.

During the November 2002–February 2003 period, the CEC provided funding support to a team of researchers from Harvard University and the Massachusetts Institute of Technology, as well as researchers in Mexico, to perform an occupational exposure study of truck drivers and terminal workers in Mexico routinely exposed to diesel exhaust.

In February 2003, the CEC has received a final report from Professor Michael Brauer at the University of British Columbia evaluating the current availability of data to assess community exposures related to air emissions at congested border crossings in North America. Dr. Brauer found that routinely collected air monitoring data were not in close enough proximity to most major border crossings to be useful in evaluating these crossings as major sources of air pollution. In addition, sufficient vehicle count data are also lacking to support exposure analyses at most sites. Despite these limitations, Dr. Brauer could make several broad conclusions. Large numbers of people are potentially affected by air pollution associated with transportation at major border crossings. At several of the border crossings, as many as 35,000 people live within one kilometer of the crossing itself or major roads leading to the crossing.

In March 2003, the CEC received a draft progress report from researchers at the *Instituto Nacional de Salud Pública* on their preliminary findings of children's health impacts from air pollution in Ciudad Juárez, Mexico. The researchers' initial findings indicate that ground-level ozone in the border city of Ciudad Juárez has a clear effect on children's respiratory health, with children of less than five years in age having additional sensitivity to respiratory distress. The researchers identified adverse health effects in children occurring even on days when ambient ozone concentrations were lower than the Mexico 1-hour ozone health standard of 110 parts per billion. Based on these initial results, the researchers plan to review street address information of the children involved in the study to further investigate whether the adverse health effects are strongly associated with the proximity of the children's homes to congested highway corridors.

1.3.2 *Sound Management of Chemicals*

The Sound Management of Chemicals (SMOC) initiative continues to provide a forum to facilitate cooperation and trilateral agreements and action on reducing chemical pollution in North America. In the past year, the SMOC program has had a number of key accomplishments. The chlordane NARAP has been completed, one new NARAP has been developed (on environmental monitoring and assessment) and another is nearing completion (on dioxins, furans and hexachlorobenzene, which is under agency review). And a NARAP on lindane has just started to be developed. Special attention will be given to facilitating stakeholder participation in this task force.

In collaboration with UNEP, the CEC coordinated the production of a global assessment of PTS (persistent toxic substances) for Region II - North America. The SMOC Working Group held its 15th regular meeting jointly with the Great Lakes Binational Toxics Strategy in May 2003, in Windsor, Ontario, Canada. Following Council's indications, a strong participation from the Aboriginal Groups of the North American was arranged.

A number of other SMOC actions have been launched and advanced:

- The results achieved under the DDT NARAP have begun to be shared among the seven Central American countries to reinforce the implementation of the World Health Organization's Global Malaria Control Strategy.
- A new document on the SMOC and the substance selection processes and a second video on more educational efforts on Mexico's DDT phase-out are in preparation.
- A series of fact sheets on all the NARAPs were updated, translated and printed for use as communication tools to the public.
- Implementation of Phase II of the mercury NARAP continued in 2002, with projects such as the installation of two wet deposition mercury-monitoring sites in Mexico, and linkage of these sites with the National Atmospheric Deposition Program-Mercury Deposition Network. Success of this program is crucial to the NARAP task forces on mercury and monitoring and assessment.
- The Mercury Implementation Task Force has continued to focus priority on building capacity in Mexico by supporting education and awareness-raising initiatives for health professionals and educators. A CEC-supported pilot project to provide substitutes for mercury thermometers in a hospital in Mexico has re-started.
- Health Canada offered Mexico a capacity building initiative for a biomonitoring study in the area of Zacatecas. The objective of the study is to measure the intake levels of the population and to assess a future course of action, if required. This project will start with the provision of laboratory time and expertise
- Canada loaned Mexico a mercury air-monitoring instrument (Tekran), and the CEC Secretariat will continue to support the second round of characterization studies on mercury releases and impacts on soil and vegetation in the Zacatecas area.
- Considerable progress has been made in the implementation of the PCBs NARAP, as evidenced by the draft status report now being finalized. A meeting, scheduled for June 2003, will hold the final PCB task force meeting jointly with an EMS workshop for this substance.
- The NARAP on chlordane has now been accomplished. A final report describing all actions taken has been completed and will soon be published. The SMOC Working Group will ask the Enforcement Working Group for its assistance in examining whether illegal transboundary shipments of chlordane are occurring.
- The dioxins, furans and hexachlorobenzene task force has developed the phase I draft NARAP, which has been undergoing internal US government review, for nearly a year.
- Given Council's concern about lead, a Statement of Mutual Concern was prepared by the Substance Selection Task Force and posted for public comment.

- Actions for establishing the implementation task force for the environmental monitoring and assessment NARAP, forming its Steering Committee and developing the implementation plan are on their way. The composition of this task force will be of six sub-groups that will decide on the necessary monitoring activities for different NARAPs.
- The first lindane task force meeting took place in April 2003 to establish the work plan, process and time-frame for the NARAP development. Observer members' participation as ENGO, aboriginal, industry and academia representatives is encouraged to participate further in this task force.
- The SMOC Working Group proposed a policy and procedures for phasing-out NARAP task forces.

The Secretariat has prepared terms of reference to examine strategies for dealing with a broader suite of chemicals in a more timely manner, and SMOC will consider how to advance on this initiative.

1.3.3 North American Pollutant Release and Transfer Register (PRTR)

Supporting the implementation of a mandatory, publicly accessible PRTR program in Mexico, promoting increased comparability among the three national PRTR systems, releasing *Taking Stock 2000*; developing a framework for production of *Taking Stock 2001*, strengthening linkages with the SMOC program, and fostering innovative uses of PRTR data were the areas of focus over this past year.

Taking Stock 2000 was released on 17 April 2003. The key findings of the report were:

- Large amounts of chemicals continue to release and transferred.
- Overall releases and transfers have declined by five percent since 1995.
- Many of these chemicals are of concern for the environment and human health, such as carcinogens and developmental toxins.
- Air is the main "dumping ground" for chemicals released on-site.
- Utilities are the number one air polluter in North America, accounting for 43 percent of all North American air emissions.
- In addition to large amounts of chemicals being emitted to the air, facilities are sending an ever increasing number of chemicals "out the back door" to landfill, sewage and treatment.
- Many facilities reporting smaller amounts of chemicals (less than 100 tonnes) increased in the amount of chemicals they released and transferred from 1998 to 2000 for a total increase of 32 percent by this group (15,257 facilities).
- By comparison, the facilities reporting larger amounts (more than 100 tonnes) recorded a seven percent reduction.
-

For the first time, *Taking Stock 2000* provides information on persistent bioaccumulative, toxic chemicals such as dioxins and furans and mercury. Countries are working together through the CEC on a North American Regional Action Plan to reduce use/release of some of these chemicals, specifically the NARAPs on mercury and dioxins and furans.

This year a special feature on toxic chemicals and children's health was prepared demonstrating the usefulness of PRTR data in assisting the three governments in implementing the children's health and the environment program.

Council Resolution 02-05 called for the CEC to provide technical assistance to Mexico to support the achievement of a mandatory and publicly accessible RETC. The CEC has been providing technical assistance to the RETC program as Mexico works on revising the PRTR-reporting format and developing the implementing regulations. Support was also provided for a meeting of the states, organized by

Semarnat, on the development of state-level PRTRs. The CEC has also facilitated the involvement of a staff member from the US EPA in an industry organized training event for reporting facilities on release estimation techniques.

On the international front, the CEC Secretariat has prepared a draft report on development of PRTRs worldwide which will be submitted to the Fourth Session of the Intergovernmental Forum on Chemical Safety (IFCS) in Bangkok in fall 2003. In addition, the CEC participated in an OECD meeting in Japan in March 2003 to share out experiences with compiling PRTR data on a regional (multi-country) basis.

With respect to implementation of the Action Plan to Enhance the Comparability of PRTRs in North America, Canada has reported a number of upcoming steps that will be taken, including proposing changes to the reporting thresholds and data elements for dioxins/furans, hexachlorobenzene and PAHs, among other changes/improvements. In Mexico, a number of steps were also taken in the context of the development of the revised reporting format and regulations that will contribute to improved trilateral data comparability.

1.3.4 Capacity Building for Pollution Prevention

As of April 2003, Fiprev has granted 49 loans totaling approximately US\$1,180,000. Thus far there has been almost 100 percent repayment of the financing granted, amounting to around US\$630,000 in capital plus US\$194,000 in interest, as per the schedules of payments. It is estimated that the environmental benefits generated by these projects to date have included a saving of nearly 2,500 tons of chemicals per year—and 4,800 since the first project was implemented—not dumped into runoff waters, and of more than 140,000 cubic meters of water annually (251,000 cubic meters since the first project was implemented). This has generated a collective economic savings for the companies of around US\$1,140,000 each year—more than 1.8 million since the beginning of the initiative.

In January 2003, Fiprev had a work meeting with the North American Development Bank (NADBank) in San Antonio, Texas, in order to explore the possibility of directing funds from NADBank for pollution prevention projects in the US-Mexico border area. In April 2003, during the spring event of the Mexican Pollution Prevention Roundtable, this project and possibilities for conducting some of its stages in a joint initiative with the US-Mexican Foundation for Science were explored. With the help of the US Pollution Prevention Roundtable and the Texas Commission for Environmental Quality, the CEC, NADBank and the World Bank met in San Antonio to discuss the initiative on 2–3 June.

The Mexican Pollution Prevention Roundtable held its third working group event on 1 April in Naucalpan, State of Mexico. The event was organized into five themes (pollution prevention (P2) policy; P2 implementation; education, training and outreach; P2 tools and; P2 financing.) and 140 people participated in it. A P2WIN workshop was organized in which the Mexican Pollution Prevention Roundtable members agreed on the ways the roundtable will participate in the P2 information network. A meeting to agree how to proceed on the EMS project was also held in a parallel session with participation of the leaders of the North American Pollution Prevention Partnership and the Enforcement Working Group of the CEC's Law and Policy program.

After the CEC Ottawa Council session, several meetings and conference calls of a trilateral group consisting of representatives of the three roundtables and governments were convened to advance initiatives of common interest and to take advantage of the capacities of the three organizations. The most recent meeting took place on April 9 in Louisville, KY, during the spring event of the US National Pollution Prevention Roundtable.

The Partnership is at this moment working on three main initiatives: i) workshops are being conducted in the three countries in order to make operational a pollution prevention information network for North

America, the last one took place during the US Pollution Prevention Roundtable in Louisville, Kentucky, in April 2003; ii) a first workshop to promote environmental management systems in small and medium sized enterprises was held in Reynosa, Mexico in February, in which 120 people participated; and NAP3 will participate in the US Multi-State Working Group (MSWG) Conference on Environmental Management Systems on 2–3 June 2003, in San Antonio, Texas, to search for synergies with other organizations; iii) pollution prevention capacities are being strengthened in Mexico through the creation of regional pollution prevention roundtables and centers. Right now, there are two regional P2 roundtables in Mexico and three regional P2 centers are in the process of being created through the Mexican P2 Roundtable and the Interamerican Development Bank.

1.3.5 Children's Health and the Environment in North America

This has been a very active and productive year for the children's health and the environment initiative. Recent highlights have been the completion of the first phase of the project to develop indicators of children's health and the environment in North America; a meeting of the Expert Advisory Board in which they focused on potential actions to promote training and education for health care professionals on children's environmental health issues; and the North American Workshop on Risk Assessment and Children's Environmental Health.

Children's Health and the Environment Indicators in North America: The CEC is developing a North American set of indicators of children's health and the environment. A feasibility study was completed in late 2002, and a meeting of the steering group was held in Montreal to develop recommendations on which indicators to select as well as the implementation strategy. The results of the feasibility study and the steering group recommendations, released in March 2003, will provide a basis for the implementation phase, which will include the compiling (population) of selected indicators by the governments and the preparation of the first North American indicators report, due to be released in 2004. Council will consider today the recommendation that countries provide data on children's health and the environment indicators.

The project partners [IJC Health Professionals Task Force, Pan American Health Organization (PAHO), and the World Health Organization (WHO)] have indicated their interest in continuing to work with the CEC during the implementation phase, and PAHO has expressed an interest in sharing the framework that has been developed with other countries/sub-regions of the Americas. In addition to fulfilling an action called for in the Cooperative Agenda, this project represents an important contribution to commitments made at WSSD.

Expert Advisory Board: The Expert Advisory Board held a successful meeting in Alexandria, Virginia to promote education and training for health care professionals on children's environmental health issues. The board submitted Advice to Council 03-01 and 03-02, on opportunities for advancing education and training of health care professionals and environmental researchers, and on progress in the implementation of the Cooperative Agenda, respectively. A highlight of the meeting was the chance to welcome the two new board members from Mexico, Dr Alvaro Roman Osornio Vargas and Dr. Mariano Enrique Cebrian Garcia.

Risk Assessment: A North American workshop on children's environmental health risk assessment was held from 19–21 February 2003, in Oaxaca, Mexico. It was organized by the CEC Secretariat in collaboration with the Parties, the SMOC Working Group and the NAFTA Technical Working Group on Pesticides. More than 100 people from government, NGOs, industry and academia participated in the event. Outcomes of the workshop include recommendations on the need to 'standardize' on a North American basis the risk assessment terminology and to promote a common vocabulary for this highly specialized area of activity. A follow-up workshop to examine in greater depth risk assessment processes on two or three specific chemicals was suggested, as was establishing a mechanism to share information

among the three countries to promote the consideration of children's special vulnerabilities into risk assessment, enhance efficiencies and reduce reporting burdens by industry. Finally, workshop participants agreed that it is important to cooperate more closely on risk assessment and to build capacity in the public and private sector on risk assessment processes and new developments to incorporate children's special vulnerabilities.

Other activities included:

- Preparation of a market study on leaded and lead-free pottery in Mexico, in which a sample of 54 micro-industry potters and other relevant actors were interviewed to identify obstacles, challenges and opportunities for advancing the shift to lead-free pottery production, along with recommendations for further action;
- Preparation of a report on the economic impacts of asthma and respiratory disease in children in North America with a view to providing decision-makers and the public with information on the economic costs associated with not addressing children's environmental health problems;
- Participation in an international consultation on longitudinal cohort studies, held in conjunction with a meeting of the US National Children's Study in Baltimore, Maryland, in December 2002 resulting in the formation of an International Workgroup for the NCS.

Upcoming Activities: The Parties and the Secretariat have begun planning for a trilateral workshop on asthma surveillance to be held in the fall of 2003. The objective is to foster collaboration among the three countries to improve asthma surveillance systems to enhance the understanding of asthma in North America. They are also actively planning the next stages of work on lead in consumer products.

1.4 Law and Policy

1.4.1 Comparative Report on Environmental Standards

The Secretariat delivered a draft report on federal, state and local environmental requirements for Intensive Livestock Operations (ILOs) in Canada, Mexico and the United States to the following conferences: "Responding to the Increasing Global Demand for Animal Products" in Merida; the USDA Outlook Forum in Washington, DC; and the CEC's North American Symposium on Assessing the Environmental Effects of Trade. The report draws some basic conclusions about the environmental requirements imposed on ILOs and makes recommendations on state of the art requirements. It is currently posted for review on CEC's web page.

1.4.2 Environmentally Sound Management and Tracking of Hazardous Waste

The Hazardous Waste Task Force has continued working closely with the Secretariat following the CEC Council's mandate to develop a common North American approach for environmental sound management (ESM) of hazardous waste and to conduct of a feasibility study for a pilot project on electronic tracking of hazardous waste movements among the NAFTA countries.

Specifically, the Secretariat and the Task Force have:

- Held a series of meetings with government experts to develop next steps in the development of these projects.
- Developed a final comparative study of the current state of management of hazardous waste and recyclables in North America. This document has been made accessible to the public on the CEC web site.

- Developed a draft scoping paper that will assist the Task Force in defining the principles, goals and criteria for the development of the next phases of the ESM initiative.
- Developed a draft report that explores the opportunities for improving tracking and enforcement of hazardous waste shipments in North America. This document will be finalized after further meetings with government experts and interested stakeholders.

1.4.3 Enforcement and Compliance Cooperation

The CEC sponsored a workshop on Transboundary Law Enforcement in Washington, DC. The workshop addressed legal and policy issues associated with environment law enforcement that requires the participation of one or more countries. Numerous governmental agencies as well as private law firms and NGOs attended the workshop.

In addition, as part of the CEC capacity building agenda for enforcement in 2002, the CEC Secretariat organized and sponsored training workshops on the illegal trafficking of ozone-depleting substances (ODS) and on enforcement issues dealing with trade and the illegal harvest of protected plant species.

The ODS training workshop brought together participants from different enforcement agencies in Mexico, as well as government officials of the US Department of Justice and the US Environmental Protection Agency, and representatives of the United Nations Environment Program and the private sector. Topics broached in this event were: a) awareness of the environmental and health implications of the depletion of the ozone layer, b) the Montreal Protocol and the implementation in developed and developing countries, c) enforcement experiences in the United States, d) routes and methods of the illegal ODS traffic, e) identification of ODS containers, and f) an analysis of practical cases.

The second of the training workshops was a four-day event which had the participation of over 50 wildlife enforcement officers from the three countries, and provided relevant information on: a) law enforcement opportunities to tighten the illegal traffic of plants, b) technical information and characteristics on the major taxonomic groups of commercial plant species, c) trends in international trade, and d) the role of networks in monitoring illegal trade.

1.4.4 Sustainable Use and Conservation of Freshwater in North America

Two options of possible areas for CEC work on freshwater issues in North America have been posted for public comment on the CEC web site. These options are based on the Council's 2001 Communiqué directing the Parties to work on issues related to watershed management and affordable technologies. Thus far, the CEC has received comments from Canada, Mexico and the IJC.

1.4.5 Environmental Management Systems to Promote Compliance and Environmental Performance

The Secretariat hosted several conference calls to begin planning for a conference on Environmental Management Systems for the fall in Mexico. The conference will be the result of collaboration between the Enforcement Working Group and the North American Pollution Prevention Partnership.

2 NORTH AMERICAN FUND FOR ENVIRONMENTAL COOPERATION

In early January, the North American Fund for Environmental Cooperation (NAFEC) released its 2003 Call for Proposals which focuses on environmental monitoring and assessment related to human health. This year's projects should strengthen the capacity of citizens to monitor aspects of their environment that affect their health, and lead to increased community participation in resolving environmental problems. Monitoring approaches should incorporate local, traditional and scientific knowledge, and link human and ecosystem health. More than 300 grant proposals were received by NAFEC prior to 31 March 2003. The NAFEC Selection Committee will meet on 26 June 2003 in Washington, DC, and grants will be announced shortly after the meeting.

Following the Joint Public Advisory Committee (JPAC) Advice provided to Council on 8 March 2002, the Council approved the *Revised NAFEC Administration and Funding Guidelines* during its meeting on 11 December 2002, to reflect the current realities of NAFEC and the CEC. Based on these revised guidelines, the NAFEC Selection Committee consists of six members, with two representatives from each country. One representative from each country is selected by the CEC Joint Public Advisory Committee (JPAC) from among its members, and one representative is selected by each Party, from among the membership of their National Advisory Committee (NAC) or Governmental Advisory Committee (GAC), or from amongst their respective citizens.

NAFEC-funded projects were profiled during the Second North American Symposium on Assessing the Environmental Effects of Trade which took place on 25–26 March 2003, in Mexico City. A group of grantees from the Mexico City area were invited to present their projects and environmentally-friendly products during the opening reception of the symposium on 25 March. The experience was quite positive and well received by the public and the grantees. NAFEC staff will try to replicate it during future CEC events.

The NAFEC section of the CEC web site has been updated to include executive summaries of proposals and final reports in their original language as well as information about project products.

In an effort to estimate NAFEC's contribution to grantees' capacity for fundraising, and given the fact that the information gathered so far has been well received by the Parties, NAFEC staff will continue to keep track of additional support leveraged by NAFEC grantees.

NAFEC-funded projects will also continue to be profiled in *Trio*, CEC's quarterly bulletin, offering concrete examples of how the Commission's efforts play out in local community-based projects. Note that NAFEC projects are also publicized in the local press of the grantees.

3 PROGRAM PLANNING, MONITORING AND EVALUATION

The Secretariat continues to strengthen the CEC's system for program planning, monitoring, and evaluation. Work has progressed on developing the system's five main elements:

- A draft program activity structure that lays out a more comprehensive and coherent presentation of the links between CEC's corporate goals, program goals and results, and project activities.
- A new format for the 2004 "operational plan" to replace the current "program plan."
- A description of CEC's management approach, outlining how the CEC organizes its work.
- Development of the ongoing evaluation, monitoring, and reporting procedures for periodic review and appraisal of program and project performance. This includes the completion of initial "pilot evaluations" for NABIN, SMOC, and the Mexico Office, assessment of CEC's information

management approaches, assessment of the involvement of indigenous peoples in CEC programming, and the development of a performance-measurement system.

- An approach for facilitating development a long-term/five-year plan for mid-2004.

It is anticipated that the “ten-year review” will provide important direction to the goals that the CEC will pursue over the next several years, and that this direction will be incorporated into the CEC’s planning. The work described above will facilitate the CEC’s response to the ten-year review.

The Secretariat will continue to keep the Parties apprised of progress being made in this area through regular conference calls and periodic in-person briefings.

4 ARTICLE 13

Transgenic Maize and Biodiversity in Mexico

The Advisory Group finalized the terms of reference and the outline of the report, taking into account the 13 comments received. It also prepared a response to these comments that was published on the CEC web site. Consultants have been hired to write each of the chapters for the report. The new timeline for the report is:

Terms of reference for the report	15/04/03
Preparation of background papers	30/09/03
Peer reviews	30/10/03
Posting and circulation for public comments	30/11/03
Draft report	30/12/03
Public symposium	20/01/04
Draft final recommendation by AG	20/02/04
Submission of draft to parties	20/03/04
Submission of final report	10/05/04

5 TEN-YEAR REVIEW OF NAAEC

A proposal was submitted to the Parties and JPAC in January 2003 for conducting a ten-year review of the North American Agreement on Environmental Cooperation (NAAEC) and the environmental effects of the North American Free Trade Agreement (NAFTA), as mandated in June 2002 by Council.

Comments on the proposal have been received to date from Canada and JPAC. A list of proposed candidates for the Ten-year Review and Assessment Committee (TRAC) was also submitted at that time for appointment by Council. In addition, a draft resolution defining the terms of reference for the Ten-year Review has been circulated and reviewed by the Parties for signature. A request has been officially made to the Parties to provide baseline information on the economic situation in each country in 1993 and 2002, and on the changes, according to the Parties, that are due to NAFTA. This will serve as background information for the TRAC.

6 STATE OF THE ENVIRONMENT REPORT

At this juncture, the Secretariat intends to move forward with a new SOE report that:

- builds on the priorities of CEC programming;
- becomes an integral element of CEC Strategic Plan;
- incorporates lessons learned from the Secretariat's past SOE experience;
- considers recommendations from outside experts;
- acknowledges the Council's support in gathering and sharing high-quality environmental information;
- reflects the CEC's mandate, goals, and achievements, while considering financial constraints; and
- incorporates the ongoing achievements of the work being done on the CEC's Ten-year Review.

The Secretariat is proposing the development of an SOE report that will highlight regional indicators that strongly reflect the objectives of CEC's program areas, while considering OECD indicators as they relate to North America. A special feature section will be developed to accentuate a topic relevant to the CEC and the North American environment.

A design plan is currently being developed. The plan will establish a logical approach for preparation of the next report, including definition of the scope of technical data content and spatial frameworks for presenting the information. It will address the pragmatic considerations of project management, organization, timing, stakeholder participation, and how best to use current and future CEC-generated data in the report. Further, the plan will consider how best to design an SOE report at the CEC in such a way that it integrates ongoing CEC programs and reflects CEC priorities. This will be a framework for producing future SOE reports on a meaningful and consistent basis.

7 COOPERATION WITH IJC/IBWC

Following the 2002 Council Session and the joint meeting with IJC and IBWC, the Secretariat has undertaken discussions with the two organizations, including one face-to-face meeting and three conference calls. All three organizations have shared their work programs, with the aim of identifying areas for cooperation. The areas of common interest were:

- approaches to watershed management (in particular, IJC efforts in this regard to structure new watershed boards);
- alien invasive species;
- NAFEC as a funding mechanism for community groups; and
- NARAPs, particularly the environmental monitoring NARAP.

In addition, the IBWC has asked the CEC and IJC to consider whether there might be interest in cooperation related to aquifers in border regions.

Cooperation in common areas of interest continues. To date, IJC and IBWC representatives have participated in the JPAC workshop on water and attended the Alien Species workshop. IJC staff also participated in the mercury NARAP workshop in Zacatecas and in the Children's Health and the Environment meeting in Alexandria, Virginia, and the risk assessment workshop in Oaxaca. A progress report has been prepared for presentation at the 2003 Council Session.

IJC representatives continue to raise questions about the possibility of a meeting with Commissioners at the next CEC Council Session.

Various drafts of a proposed Letter of Intent (LOI) that would formalize cooperation between the CEC and IJC have been exchanged between the CEC and IJC. The penultimate draft has been sent to the Parties for their final comments.

8 ARTICLE 14 SUBMISSIONS

Thirteen citizen submissions are currently active.

The Secretariat is on schedule to meet its public commitment to submit final factual records prior to the June 2003 Council Session for all five factual records initiated by Council vote on 16 November 2001. On 24 April 2003, the Secretariat released to the public in accordance with Council Resolution #03-03, the SEM-99-002 (Migratory Birds) factual record, which is the fourth factual record released by the CEC and the first involving environmental enforcement by the United States. The Secretariat is currently awaiting Council's decision on the release of the SEM-98-006/Aquanova factual record. The Secretariat submitted three draft factual records to Council for SEM-98-004/BC Mining (on 28 March 2003), SEM-00-004/BC Logging (on 15 April 2003) and SEM-97-006/Oldman River II (on 17 April 2003). The Secretariat is in the process of developing three other factual records.

The Secretariat is considering whether to recommend a factual record for two submissions.

The Secretariat received the fifth submission for the year 2002, on 25 November 2002. In the month of May 2003, the Secretariat received three new submissions, which are currently being reviewed under Article 14.

The status of the thirteen submissions under review as of 30 May 2003, is as follows:

Final factual record submitted to Council:

- 1) **Aquanova.** SEM-98-006 / Grupo Ecológico Manglar A.C. (concerning Mexico's enforcement in regard to the shrimp aquaculture activities carried on by the company Granjas Aquanova, S.A. de C.V. in Isla del Conde, San Blas, Nayarit).

The Secretariat provided the Council with the final factual record on 5 May 2003. Council's vote on publication of this factual record is pending.

Draft factual records submitted for Council's comments:

- 1) **BC Mining.** SEM-98-004 / Sierra Club of British Columbia, et al. (concerning Canada's enforcement of the Fisheries Act against mining operations in British Columbia).
- 2) **BC Logging.** SEM-00-004 / David Suzuki Foundation, et al. (concerning Canada's enforcement of the Fisheries Act against logging operations in British Columbia).
- 3) **Oldman River II.** SEM-97-006 / The Friends of the Oldman River (concerning Canada's enforcement of the Canadian Environmental Assessment Act and the Fisheries Act)

The Secretariat will incorporate, as appropriate, Council's comments on the accuracy of these three drafts, and then submit final factual records to Council.

Draft factual records in development:

The following three draft factual records are being developed as instructed by Council:

- 1) **Río Magdalena.** SEM-97-002 / *Comité Pro Limpieza del Río Magdalena* (concerning Mexico's enforcement in relation to wastewater discharges).

- 2) **Molymex II.** SEM-00-005 / *Academia Sonorense de Derechos Humanos and Domingo Gutiérrez Mendivil* (concerning Mexico's enforcement in relation to air quality and environmental impacts of a molybdenum processing plant).
- 3) **Tarahumara.** SEM-00-006 / *Comisión de Solidaridad y Defensa de los Derechos Humanos, A.C* (concerning Mexico's enforcement in relation to access to environmental justice to indigenous communities).

Council defers decision on the development of a factual record:

Ontario Logging. On 12 November 2002, the Secretariat informed the Council that the Secretariat considers that submission SEM-02-001 / *Canadian Nature Federation et al.* (concerning Canada's enforcement of section 6(a) of the Migratory Bird Regulations against the logging industry in Ontario) warrants developing a factual record.

On 22 April 2003, Council unanimously adopted Council Resolution 03-05, deferring its vote on the Secretariat's recommendation and giving the Submitters 120 days to provide additional information.

Determinations pending whether factual records are warranted under Article 15(1):

- 1) **Pulp and Paper.** SEM-02-003 / *Sierra Legal Defence Fund et al.* (concerning Canada's enforcement of the *Fisheries Act* and *Pulp and Paper Effluent Regulations* in connection with pulp and paper mills in Ontario, Quebec and the Atlantic Provinces).
- 2) **El Boludo Project.** SEM-02-004 / *Arcadio Pesqueira Senday et al.* (concerning Mexico's enforcement of its environmental laws with respect to the "El Boludo" mining project).

These submissions are being reviewed by the Secretariat in light of the Party's responses to determine whether they warrant development of a factual record.

Reviewing new submissions under Article 14:

- 1) **Ontario Power Generation.** On 1 May 2003, the Secretariat received submission SEM-03-001 filed by *Attorneys General of the States of New York, Connecticut, Rhode Island, et al.* (concerning Canada's enforcement of its environmental laws with respect to Ontario Power Generation's coal-fired power plants).
- 2) **Home Port Xcaret.** On 14 May 2003, the Secretariat received submission SEM-03-002 filed by *Alfonso Ciprés Villareal, et al.* (concerning Mexico's enforcement of environmental law in connection with a port development on the Riviera Maya).
- 3) **Lake Chapala II.** On 23 May 2003, the Secretariat received submission SEM-03-003 filed by *Dr. Raquel Gutiérrez Nájera, et al.* (concerning Mexico's enforcement of its environmental law with respect to the Lerma-Chapala-Santiago-Pacifico basin).

The Secretariat is reviewing these submissions to determine whether they meet the criteria of Article 14(1), and if so, whether they merit requesting a response from the concerned Party under Article 14(2).

Historical Background of Submissions

The **twenty-six** submissions that are no longer pending were addressed as follows:

Twelve submissions have been dismissed on the grounds that they did not warrant further consideration based on Article 14(1) or (2):

- Spotted Owl – SEM-95-001 / Biodiversity Legal Foundation et al.
- Logging Rider – SEM-95-002 / Sierra Club et al.
- Tottrup – SEM-96-002 / Aage Tottrup
- CEDF – SEM-97-004 / Canadian Environmental Defence Fund
- Biodiversity – SEM-97-005 / Animal Alliance of Canada et al.
- Guadalajara – SEM-98-001 / Instituto de Derecho Ambiental, A.C., et al.
- Ortiz Martínez – SEM-98-002 / Ortiz Martínez
- Molyx I – SEM-00-001 / Rosa María Escalante de Fernández
- Jamaica Bay – SEM-00-003 / Hudson River Audubon Society of Westchester Inc. et al.
- AAA Packaging – SEM-01-002
- Dermet – SEM-01-003/Mercerizados y Teñidos de Guadalajara, S.A.
- ALCA-Iztapalapa – SEM-02-005 / Angel Lara García

Two submissions have been terminated under Article 14(3)(a):

- Methanex – SEM-99-001 / Methanex Corporation
- Neste Canada – SEM- 00-002 / Neste Canada Inc.

Five submissions have been terminated under Article 15(1):

- Oldman River I – SEM-96-003 / The Friends of the Oldman River
- Lake Chapala – SEM-97-007 / Instituto de Derecho Ambiental
- Cytrar – SEM- 98-005 / Academia Sonorense de Derechos Humanos
- Great Lakes – 98-003 / Department of the Planet Earth et al.
- Mexico City Airport – SEM-02-002 / Jorge Rafael Martínez Azuela et al.

One submission has been withdrawn by the Submitters:

- Fort Huachuca – SEM-96-004 / The Southwest Center for Biological Diversity et al.

Four factual records have been prepared and made public:

- Cozumel – SEM-96-001 / Comité para la Protección de los Recursos Naturales AC et al.
- BC Hydro – SEM-97-001 / B.C. Aboriginal Fisheries Commission et al.
- Metales y Derivados – SEM-98-007 / Environmental Health Coalition et al.
- Migratory Birds – SEM-99-002 / Alliance for the Wild Rockies et al.

The Council has dismissed two submissions under Article 15(2), following notification from the Secretariat that preparation of a factual record was warranted:

- Quebec Hog Farms – SEM-97-003 / Centre québécois du droit de l'environnement et al.
- Cytrar II – SEM-01-001 / Academia Sonorense de Derechos Humanos A.C. et al.

9 ACCESS TO ENVIRONMENTAL INFORMATION REPORT

This report was originally commissioned by the Secretariat in support of undertakings made by the Council in October 1995, in a joint policy statement issued through Council Resolution 95-08, entitled "Public Access to Environmental Information." The Report on Public Access to Government-held Environmental Information (2nd ed.), released in February 2003, fulfills a request to the Secretariat, made by Council at its June 2001 Regular Session, for a summary of confidentiality regulations in Canada, the US and other countries, with a view to providing Mexico with examples in this area. The summary of confidentiality regulations, or "exceptions to disclosure," is found in the final section of each country report.

10 PARTNERSHIPS

10.1 Regional Program of Action and Demonstration of Sustainable Alternatives for Malaria Control in Mexico and Central America Without the Use of DDT

The results achieved under the DDT NARAP in Mexico, are being shared with the seven Central American countries. These activities are being funded jointly by the CEC and the Global Environment Facility (GEF). PAHO is the executing agency and UNEP the implementation agency. It is expected that an additional US\$6.6 million will soon be contributed by GEF, mainly to support nine demonstrating projects in the eight countries.

In order to initiate the project, UNEP has asked for official commitment letters from all participating countries and the CEC regarding the amount of financial resources set aside for this project. The CEC has fulfilled this requirement by informing UNEP that a contribution of at least US\$200,000 will be made for the operational life of the project. It is expected that the project will begin in mid-2003.

A draft status report on the DDT NARAP was finished at the end of February and being reviewed by the SMOG Working Group prior to its approval at the group's next meeting in May. After the success of this NARAP, the approval of the status report could be the last action of this NARAP under the DDT Task Force because the ultimate objective of the NARAP, to reduce exposure to humans and environment to DDT, could be carried out under the GEF Project. It is expected that the work and experience of the DDT Task Force now can assist during the operational phase of the GEF project.

The video on Mexico's DDT phase-out program, which was prepared and presented during the Health and Environment Ministers of the Americas (HEMA) meeting in March 2002, has been presented in different meetings in Mexico as well as in other parts of the region (e.g., in Jamaica, Costa Rica, at the UN), and has been requested by people in India and Africa. Recently, Mexico received a letter of intention from the World Health Organization, Africa Regional Office, to share experiences in the framework of the GEF project, since the African countries have started a project development fund (PDF) phase for a project similar to that supported by GEF in Mexico and Central America. This interchange can provide a way to disseminate the experience gained in Mexico to eliminate DDT in controlling malaria.

10.2 Capacity Building Project for a POPs/Metals Biomonitoring Study to Identify Population Risk and Environmental Hotspots in North America

The SMOG program has approved a project proposal to undertake a human-blood monitoring project for POPs pollutants that would span North and Central America. The project would be undertaken in three parts, over a two-year period:

- Part one, bio-monitoring methodology development
- Part two, capacity building (for quality control and assurance of sampling and analysis procedures)
- Part three, field implementation (including sampling, data analysis, data interpretation and reporting out)

The World Bank has agreed to support this initiative by earmarking US\$100,000 from the Canada POPs Fund to complete Parts one and two, and will commit a further US\$100,000 to support Part three. All of the World Bank money would be directed at supporting the Mexican component of this work. In addition, the CEC work program has identified up to US\$40,000 for 2003 to support implementation. A further, as yet undetermined amount will also be proposed for allocation in the 2004 CEC work program.

The parties have approved this project and the Secretariat will now proceed to sign an MOU with the Bank and will work with the Environmental Monitoring and Assessment Task Force to set up the detailed implementation schedule.

10.3 Support to Mexico to develop its National Implementation Plan for POPs under the Stockholm Convention

As part of the Stockholm POPs Convention, countries are encouraged to work together on a regional basis to implement the Convention. Mexico has selected the World Bank as the implementing agency for the preparation of Mexico's National Implementation Plan. Subsequent discussions among Mexico, the World Bank and the CEC indicate strong support for the CEC to serve as executing agency. This decision recognizes the integrative role that the CEC has played on persistent toxic substance (PTS) action plans via the SMOC initiative, and the process and institutional infrastructure that have been created to support implementation of this initiative since 1995. The World Bank is also impressed with the quality and comprehensive nature of the work completed to date under the SMOC initiative and would like to see the North American approach to regional cooperation extended as a model to other regions of the globe.

Initially, the Bank will provide up to US\$750,000 to support this effort. It is anticipated that ultimately the Bank may contribute up to US\$2 million in additional funds for this project.

The Parties have approved this project and preliminary meetings are being held between the Bank, Government of Mexico and CEC Secretariat to work out the details of project development and implementation. The Secretariat will negotiate an MOU with the Bank to set out roles and responsibilities related to cooperation between our respective organizations. Successful project implementation offers great potential to tap World Bank resources for other CEC projects.

10.4 MOU with UNEP on Regionally-based Assessment of Priorities for Persistent Toxic Substances

In 2001, the CEC signed an MOU with the United Nations Environment Programme (UNEP) that identifies North America as one region in a global effort to conduct a regionally based assessment of priorities for persistent toxic substances. A report was prepared in 2002 on the current state of knowledge of persistent toxic substances in North America as well as identifying new chemicals of potential concern and setting priorities for action. A meeting of experts was held in October 2002 to evaluate the report and contribute information on priorities for the list of 27 chemicals being reviewed. The report was finalized and sent to UNEP Chemicals in December 2002. UNEP Chemicals will integrate this report into a larger, global assessment that is intended to provide the Global Environment Facility with a science-based rationale for assigning priorities for action among chemical-related environmental issues, and determine

the extent to which differences in priorities exist between regions. The CEC participated in the global priority-setting meeting for this project in March 2003, and outlined the state of knowledge on persistent toxic substances in North America while contributing to the development of global priorities for action regarding these chemicals. Under the CEC's Sound Management of Chemicals Initiative, it is expected that the Substance Selection Task Force will use information from the North American report to identify possible substances of mutual concern for future trilateral actions, while the Environmental Monitoring and Assessment Task Force can use this report to look at ways to fill gaps in monitoring in North America. The CEC's commitments to this project have been completed and the partnership with UNEP has been a great success with regards to the production of a high quality report on the state of knowledge of persistent toxic substances in North America. It is evident that North America is in a leadership position in dealing with a range of persistent toxic substances. As well, the international relationships formed during this project will continue, providing new approaches to regional cooperation in chemicals management.

11 ADMINISTRATION AND FINANCE

11.1 Financial Resources

The Secretariat has received the first and second installments of the 2003 contribution from the United States and Canada. We are expecting the 2002 remaining contribution and the first part of the 2003 contribution from Mexico.

The financial audit for 2002 has been completed and the results will be sent to the Parties in June. For the second consecutive year, no recommendation was issued by the auditors concerning the internal control of the Secretariat.

The first quarterly report for 2003 was sent to the Parties in May 2003.

11.2 Human Resources

The recruitment for the Media Outreach Officer has been completed and Mr. Spencer Ferron-Tripp has been hired.

The recruitment process for the Program Head, Environment, Economy and Trade has been completed with the promotion of Ms. Chantal Line Carpentier to that position.

The recruitment process for the position of Program Manager, Environment Economy and Trade is expected to be concluded in early June.

Two other recruitment processes have been initiated in order to fill the positions of Managing Editor, French publications and Program Manager, SMOC, which are currently occupied by Raymonde Lanthier and José Carlos Tenorio, respectively. Both will leave the Secretariat in July.

11.3 Office Lease

The current lease for the CEC will expire in November 2004. Several analyses regarding different aspects (financial, security, proximity to amenities, etc.) of our office accommodation needs are being carried out

in order to determine which of the proposals being considered by the Secretariat could be the most suitable. On this basis, a new long-term lease will be negotiated.

12 COMMUNICATIONS AND OUTREACH

The communications strategy of the Secretariat gives emphasis to the use of multiple techniques to inform target audiences of the Commission's work. A recent example of this approach is the release of *Taking Stock 2000*, the CEC's seventh annual report on North American pollutant releases and transfers. *Taking Stock 2000* is not only a detailed report—assessing comparable North American PRTR data—it is a web site that allows users to build their own report showing total releases and transfers by state or province, and it's a significant media event. News of *Taking Stock 2000* was reported this year in more than 180 newspapers throughout Canada, Mexico and the US. Key findings were broadcast on more than 90 television and radio stations across the continent. Moreover, 3,400 copies of the summary report and sourcebook were printed for distribution to individuals and organizations throughout the continent.

12.1 Publications and Distribution

Production, promotion and distribution of CEC reports and publications continue to grow. Since June 2002, the Secretariat has completed 18 significant publications, as well as numerous working papers and other documents. More than 25,000 copies of these publications were produced across the three languages.

Distribution of Commission publications has been greatly amplified by growing use of the CEC web site. During the past year the web hosted over 1.5 million user sessions, and visitors downloaded more than 170,000 documents. The targeted e-mail distribution list approached 7,000 members. Identifiable visitors were primarily North American, however as many as 20 percent of the CEC site visits were from outside the region—demonstrating both the value of information housed on the site, and the organization's far-reaching appeal. To ensure the web site provides the most efficient access to information, a number of significant improvements are in development, including a new search capacity and better presentation of the Secretariat's activities and output.

The importance of the web site as both a marketing and distribution tool was demonstrated in relation to the second North American Symposium on Assessing the Environmental Effects of Trade (24–28 March). In the weeks preceding this event, the special pages developed in support of the symposium received close to 1,000 user sessions per day. This elevated number followed specific marketing efforts to promote the symposium, including its listing with online environmental and trade calendars, and the production and targeted distribution of an invitational program to 3,332 contacts. The design of the invitation was replicated on the CEC web site (www.cec.org/symposium), in listserv messages and event signage, for a consistently branded treatment.

12.2 News Releases and public outreach

Throughout the year, the Communications Department coordinated a series of announcements about the Secretariat's publications, programs and meetings, while continuing to disseminate general information about the Commission and JPAC activities. To better inform both stakeholders and the public, the Secretariat has revised and enhanced its general presentation materials, including a new corporate brochure and folder, together with a number of program and project specific fact sheets. Recent

communication highlights include the most widespread media treatment of the Secretariat's *Taking Stock* report in the history of this annual publication. Recent news releases include:

2 June 2003

CEC receives submission on Lerma-Chapala-Santiago-Pacífico basin

On 23 May 2003, the Commission for Environmental Cooperation (CEC) received a submission from the Fundación Lerma-Chapala-Santiago-Pacífico and several other nongovernmental organizations asserting that Mexico is failing to effectively enforce its environmental law with respect to the Lerma-Chapala-Santiago-Pacífico basin.

16 May 2003

CEC receives submission on Cancun port project

On 14 May 2003 the Commission for Environmental Cooperation (CEC) received a submission from Alfonso Ciprés Villareal, president of Movimiento Ecologista Mexicano AC, on behalf of several ecological groups, two academic groups and one individual citizen (the Submitters), asserting that Mexico is failing to effectively enforce its environmental law with respect to the environmental impact authorization (EIA) for a port project on the Mayan Riviera in Quintana Roo.

16 May 2003

The CEC Secretariat provides overall plan to develop a factual record for the Tarahumara submission (SEM-00-006)

Today the Secretariat of the North American Commission for Environmental Cooperation (CEC) provided to the Parties of the North American Agreement on Environmental Cooperation (NAAEC) the overall work plan for gathering the relevant facts for the factual record on the Tarahumara submission ([SEM-00-006](#)).

2 May 2003

Recommendations for the Development of Children's Health and the Environment Indicators in North America released for public comment

The Secretariat of the Commission for Environmental Cooperation (CEC) today released a document prepared by the CEC Steering Group on Indicators of Children's Health and Environment. The document is entitled "[Recommendations for the Development of Children's Health and the Environment Indicators in North America](#)." This document is now open for public comment.

24 April 2003

CEC releases factual record on enforcement of US migratory bird law

The Commission for Environmental Cooperation (CEC) released today a factual record on allegations the United States did not effectively enforce the Migratory Bird Treaty Act (MBTA) when logging killed great blue herons and destroyed osprey nests in 1995 and 1996.

17 April 2003

Class of 15,000 industrial facilities report 32% more pollution

The CEC today released its annual *Taking Stock* report today, which revealed that a group of 15,000 industrial facilities across North America released and transferred 32 percent more toxic chemicals from 1998 to 2000. These facilities, with chemical releases and transfers up to 100 tonnes, represent the majority of polluters in Canada and the United States.

7 February 2003

Renewable energy focus of meetings with multinational corporations and government leaders

Corporate business leaders from DuPont to Volkswagen were among the dozen multinational companies talking renewable energy in Mexico today at a meeting organized by the Commission for Environmental Cooperation (CEC) of North America.

23 January 2003

Maize study terms of reference released for public comment

The Secretariat of the Commission for Environmental Cooperation (CEC) today released the terms of reference that will guide the preparation of a report on the effects of transgenic maize in Mexico. These terms are now open for public comment.

8 January 2003

CEC's environment fund issues continent-wide call for proposals

The Commission for Environmental Cooperation (CEC) of North America today issued a call for grant proposals for community-based projects that focus on environmental monitoring and assessment related to human health.

15 December 2002

New report charts NAFTA environmental record

In anticipation of the 10th anniversary of the signing of the North American Free Trade Agreement (NAFTA) on 17 December 1992, the Commission for Environmental Cooperation (CEC) released today a report detailing some of the effects of NAFTA on the environment – *Free Trade and the Environment: The Picture Becomes Clearer*.

19 September 2002

Preliminary findings from environmental contamination study call for continued investigation on mercury concerns in Zacatecas, Mexico

Preliminary findings of a soil and vegetation sampling program in the Zacatecas area of Mexico confirm the presence of heavy metals, and substantiate the need for a continuing investigation to determine the impact on human health and the environment in the region.

24 July 2002

Community-based energy grants announced by North American environmental commission

Sixteen community-based environmental grants were awarded today by the North American Fund for Environmental Cooperation (NAFEC) to nongovernmental organizations in Canada, Mexico and the United States.

12.3 Article 12(1) Annual Reports

In December 2002, the General Standing Committee (GSC) approved a revised timeline-including considerations relating to production of the Parties' country reports-aimed at improving timeliness in the production and release of annual reports and eliminating the backlog for the 2000, 2001 and 2002 annual reports.

In accordance with the agreed timeline, the 2000 annual report was released in February 2003. The draft 2001 annual report was submitted to the Parties for approval, on 5 March 2003, and the 2002 annual report will be published when country reports are received and translated.