

2001 REGULAR SESSION OF THE COUNCIL

28–29 June 2001
Guadalajara, Jalisco, Mexico

SUMMARY RECORD

The Council held its Eighth Regular Session on Thursday and Friday, 28–29 June 2001, in Guadalajara, Jalisco, Mexico. Victor Lichtinger, Mexican Secretary for the Environment and Natural Resources, chaired the meeting, and Christine Todd Whitman, US Environmental Protection Agency Administrator, and Karen Redman, Parliamentary Secretary for Environmental Affairs, represented the United States and Canada, respectively. Janine Ferretti, Executive Director, represented the Secretariat, Dr. Edmundo de Alba, environmental consultant, acted as rapporteur for the discussion under item 4 of the agenda and Cristóbal Vignal acted as Council Secretary. Other delegates were also in attendance (see Annex A).

Item 1 Joint Meeting with the JPAC

In its joint meeting with the Council, JPAC reported on the findings of the final lessons learned report relating to citizen submissions under Articles 14 and 15 of NAAEC and on the JPAC public review of issues concerning the implementation and further elaboration of Articles 14 and 15.

JPAC then briefed the Council on the input received from the public during the four round tables held the previous day on Managing Pollutants in North America; Conservation of Biodiversity; North American Trade and Transportation Corridors; and Management of Renewable Resources. The results of these round table discussions will be summarized in a separate report.

In closing, JPAC presented Advice 01-04 to Council relating to Climate Change and provided information on the following upcoming JPAC activities.

The Council praised JPAC's work on the Lessons Learned report and expressed confidence that, while it was not in a position to address all of the recommendations contained in the report during the course of this session, it would be in a position to respond to a number of the JPAC's recommendations aimed at making the Articles 14 and 15 process more expeditious and transparent.

Acknowledging the JPAC Advice on climate change, the Council indicated that it would consider the advice during further discussion among the Parties, exploring market-based approaches.

In closing, the Canadian and Mexican Council members extended welcoming remarks to their new representatives on the JPAC.

Item 2 Opening of the 8th Regular Session of the Council

The session was formally opened by Lic. Francisco Javier Ramírez Acuña, Governor of the State of Jalisco who extended welcoming remarks to the public and the CEC in Guadalajara. It was followed by remarks from Victor Lichtinger, Mexican Secretary for Environment and Natural Resources, Christine Todd Whitman, Administrator for the US Environmental Protection Agency and Karen Redman, Parliamentary Secretary to, and on behalf of, Canadian Environment Minister David Anderson.

The opening of the session was followed by remarks from the Janine Ferretti, CEC Executive Director, on the developments and activities of the CEC. A copy of the Executive Director's remarks can be found as Annex B.

Item 3 Opening of the in-camera session and adoption of the agenda

The Chair opened the in-camera session and the Council approved the provisional agenda (Annex C).

Item 4 Opportunities and challenges for North American environmental cooperation: Strategic directions and priorities

Before the Council initiated its discussion on the new long-term vision for the CEC, the Executive Director was invited to highlight progress achieved on the implementation of the *Shared Agenda for Action* adopted by the Council in 1998 in Mérida. The Executive Director's report can be found as Annex D.

Item 4.1 Environmental information for enhanced cooperation

Environmental information: The Council initiated its discussion by exchanging views on the role of environmental information to support enhanced cooperation and confirmed its intention to expand information exchange and access to environmental information in the region and to encourage the effective use of information technologies.

In addition, the Council discussed the need to continuously improve the quality, usefulness and accessibility of environmental information made available to the public, and recommended that the JPAC participate in this effort.

Environmental indicators: The Council further undertook to incorporate the set of environmental indicators of the OECD in the CEC's periodic reports on the state of the North American environment. Mexico offered to provide the Parties with a summary of the work it has undertaken, based on OECD indicators.

Pollutants release and transfer registries: Mexico announced its decision to seek legislation to establish a mandatory reporting system for pollutant releases and transfers and offered to report on progress achieved in this area at the ninth regular session of the Council.

North American inventory of air emissions: The Council agreed to develop a North American inventory of air emissions, as elaborated in Council Resolution 01-05.

Item 4.2 Market-based approaches to environmental stewardship in North America

Certification and labeling: In the interest of promoting the development of schemes based on markets, the Council agreed to develop options for certification and labeling regimes, based on the experience with shade-grown coffee.

Water management: The Council discussed the importance of water issues for future CEC work, and agreed that this work would start by focusing on analyzing issues relating to local water pricing and watershed management, and promoting accessible, affordable technologies for improving water management.

Climate change: The Council asked the Secretariat to explore further opportunities for market-based approaches for carbon sequestration, energy efficiency and renewable energy in North America and promote private-sector participation in sectors.

Item 4.3 Regional cooperation for the implementation of global agreements

Sound management of chemicals: Building on the Commission's progress in addressing issues of global concern, the Council agreed to continue work through the Sound Management of Chemicals program in support of the implementation of the recently signed Convention on Persistent Organic Pollutants.

Hazardous waste: Recognizing the serious environmental and human health consequences of improper tracking and disposal, the Council further agreed to initiate the development of a North American approach to environmentally sound management of hazardous wastes, including addressing issues such as hazardous waste transport, disposal and tracking.

Item 4.4 Capacity building for a stronger environmental partnership

Leveraging funds: In order to place greater emphasis on capacity building in all aspects of the CEC's work, the Council asked the Secretariat to explore opportunities for leveraging funds from multilateral agencies and other sources.

Plan Puebla Panama: At the invitation of Mexico, Mr. Hector Ferreira of President Vicente Fox's office presented an outline of the Plan Puebla-Panama, which aims at improving the quality of life of the inhabitants of the South and Southeastern regions of Mexico and of Latin American countries through a number of actions at the government level. The Council exchanged general views on the plan and invited Mexico to provide more information, for further discussion among the Alternate Representatives. The Council directed the Secretariat to assess the role the CEC might play in this program, including possible collaboration with IDB and other institutions.

Item 4.5 Building partnerships and strategic linkages for pursuing sustainability in the North American economy

Cooperation with the NAFTA Trade Commission: Consistent with NAAEC Article 10(6), the Council members undertook to explore with their trade counterparts the possibility of convening a joint meeting between the CEC and the North American Free Trade Commission, aiming for 2003. As a first step, Council members instructed their senior officials to work with their counterparts on an agenda and outcomes, for their consideration.

Children's health and the environment: With regard to the continuing work on Children's Health and the Environment, the Council established terms of reference for the expert advisory group, as described in Council Resolution 01-04. In addition, the Council instructed the Secretariat to explore expansion of this work to include other vulnerable segments of the population, and to explore how it can assist the Pan-American Health Organization (PAHO)/United Nations Environment Programme (UNEP) hemispheric initiative on this issue. In addition, Mexico announced an initiative to adopt a national policy on health and environment.

Trade and transportation corridors: The Council agreed that the focus of the Trade and Transportation Corridor work should include the reduction of vehicle emissions through improved management practices, technologies and infrastructure.

Electricity restructuring: The Council welcomed the Secretariat's continuing effort to examine the opportunities and challenges of the evolving North American electricity market, including technology and economic based incentives, renewable sources of energy and energy efficiency.

Biodiversity conservation working group: The Council created the Biodiversity Conservation Working Group as described in Council Resolution 01-03, noting that it looks forward to the completion and implementation of the CEC Conservation of Biodiversity program's Strategic Plan for North America. The Council further expressed support for the work that is being done with the North American Bird Conservation Initiative (NABCI), and pointed out that it looked forward to a progress report on this initiative in 2002.

Environmental management systems: Referring to the CEC guidance document on environmental management systems by small and medium-size enterprises, the Council agreed that mutual recognition of programs to improve industry performance should be explored. The Council agreed that closer collaboration with the private sector should be encouraged in order to facilitate the development and diffusion of environmental management principles and best practices among industry in North America.

Funding mechanisms: The Council encouraged the Secretariat to strengthen the CEC's relationships with the private sector and to explore mechanisms, within the NAAEC framework, for long-term financing in support of projects. The Council recognized the importance of flexible funding mechanisms within the provisions of the NAAEC. The Council encouraged the

Secretariat to explore commonalities and synergies between the themes and objectives of the CEC and those addressed by other international public and private entities.

Item 5 Enhancing public participation

Lessons learned report relating to Articles 14 and 15: Recognizing the valuable contribution the public has made to the CEC's activities, the Council expressed its commitment to strengthening public participation in all aspects of the CEC's work. The Council commended JPAC for its valuable role in reviewing the Articles 14 and 15 submission process and in engaging the public with respect to the development of its recommendations on the submission process. In response to the JPAC "lessons learned" report, the Council agreed to take action on many of JPAC's recommendations as outlined in Council Resolution 01-06, with the understanding that other recommendations will require further consideration.

Submissions on Enforcement Matters: Referring to the outstanding decisions relating to Submissions on Enforcement Matters, the Council undertook to address these at the next session of Alternate Representatives, to be held late summer or early fall. In addition, Mexico announced its decision to withdraw the confidentiality claim with respect to its reply to the citizen submission regarding Metales y Derivados. The Council suggested that the Secretariat could prepare a summary of confidentiality regulations in Canada, the United States and other countries, with a view to providing Mexico with examples in this area.

Item 6 Finalization of Council resolutions and communiqué

The Council approved Council Resolution 01-02 relating to the 2002 Funding of the Commission for Environmental Cooperation (Annex E); Council Resolution 01-03 establishing the Biodiversity Conservation Working Group (Annex F); Council Resolution 01-04 approving the Terms of Reference for the Expert Advisory Board on Children's Health and the Environment in North America (Annex G); Council Resolution 01-05 on Promoting Comparability of Air Emissions Inventories (Annex H); and Council Resolution 01-06 in response to the JPAC Report on Lessons Learned regarding the Articles 14 and 15 Process (Annex I).

The Council also approved the final draft communiqué of the session (Annex J).

Item 7 Preparation for the public portion of the Session

In order to allow for a broader discussion with the public, the Chair proposed that the duration of the public portion of the session be extended; it was therefore agreed to start the public session earlier the following day.

Item 8 Joint meeting with JPAC

JPAC reported on the results of the workshop on Green Goods and Services held the previous day and indicated that their advice on this topic would be presented to the Council following the

Symposium on the Evolving North American Electricity Market to be held in San Diego, in November 2001.

The Council briefed JPAC on the issues that emerged from the Council discussions on new directions for the work of the CEC over the coming years, including additional initiatives in areas such as water and hazardous wastes.

Referring to the importance of continuously improving the quality, usefulness and accessibility of environmental information made available to the public, the Council asked JPAC to participate in this effort by undertaking a review of publicly accessible environmental information in North America.

Item 9 Public plenary discussion

The public session was opened by the Chair of the Council session, Victor Lichtinger who briefed the public on the outcome of the Council's discussion.

The Council heard presentations from the public on issues relating to Environment and Trade; Conservation of Biodiversity; Pollutants and Health; NAAEC Articles 13, 14 and 15; and public awareness and education. The Council then responded to the statements made by the public and thanked the public and JPAC for their valuable contribution.

A summary of all interventions made during the public portion of the session is found as Annex K.

Item 10 Preparation for press conference

Following the public portion of the Session, the Council briefly met in private in order to discuss arrangements for the press conference and sign the resolutions adopted during this session.

Item 11 Concluding remarks and closure of the Session

In their concluding remarks, members of the Council expressed their satisfaction with the new priorities for the CEC that emerged from their discussion and commended the Secretariat for its efforts, which contributed to the success of this session. As host of the 2002 Regular Session of the Council, the Canadian representative announced that the session will be held in Mont-Tremblant, Québec and invited her United States and Mexican counterpart to confirm their availability to attend the session during the week of 17 June 2002. The Chair closed the session.

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**Report of the Executive Director
Commission for Environmental Cooperation
Regular Session of the CEC Council**

Guadalajara, Mexico
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1 Overview: Challenges and Opportunities for Environmental Cooperation in the Context of Greater North American Economic Integration

The North American Commission for Environmental Cooperation is at a unique and important juncture in its evolution, particularly given the strong focus Canada, Mexico and the United States have placed on enhancing North American relations. The newly elected leaders of Canada, Mexico, and the United States recently set out as a common goal the strengthening of the North American partnership with a view towards deepening a sense of community. This builds on the foundation of the pursuit of prosperity through open markets and sustainable development laid out by the three countries through the North American Free Trade Agreement (NAFTA) and the North American Agreement on Environmental Cooperation (NAAEC).

The prospect of greater North American integration presents unique opportunities and challenges. It calls upon all North American institutions to examine their work to determine how they can contribute to realizing the goal set by the North American leaders.

The Council of the North American Commission for Environmental Cooperation has the opportunity at this significant juncture to define work of the Commission in supporting and addressing the environmental dimensions of further North American integration. It can identify priorities building on the legacy of the Commission's work to help build a closer North American community. Council will also need to examine how the Commission can be strengthened so that it can be an even more effective institution in assisting North American governments and society to build an environmentally sustainable North American community.

1.1 The North American Economy

NAFTA has defined North America as an integrated economic region producing US\$8 trillion worth of goods and services.

There can be no doubt that NAFTA has brought about a remarkable expansion of trade and investment among the three countries. Total trade for 2000 was US\$700 billion and investment has increased significantly.

Trade and economic integration challenges our environmental institutions to keep pace with the accelerating rate of change. Efforts continue to understand these challenges, and devise public policies that realize the full benefits that open markets can bring. These benefits, which build upon partnerships with the private sector and civil society, range from diffusion of environmentally-beneficial products and technologies, to new communications networking capacities linking people to create an informed and active community to protect the environment.

1.2 Environmental Challenges

While North America has made important progress in environmental protection and conserving natural resources, increased economic activity, transportation, and population growth can place additional stress on ecosystems and natural resources. The three countries share concerns about the long-range transport of atmospheric pollutants, hazardous waste generation and disposal, the quality of air and water, declining natural resources, and the introduction of invasive alien species and loss of native species. Environmental degradation brings with it real economic costs, costs which lower GDP rates of growth for all three NAFTA countries. Investments in environmental protection can enhance and strengthen the economy by reducing these costs, helping to achieve efficiencies, and creating predictability and stability for investors.

There are several key sectors where the economic and environmental links among the three countries of North America are increasingly evident. Here are a few examples:

- Hazardous wastes, as a byproduct of industrial activity, are transported across borders in North America. Opportunities exist for adopting common, environmentally sound management provisions for the transport, disposal and destruction of these wastes, as well as improved mechanisms for tracking their cross-border movements.
- Transportation of goods in North America has grown phenomenally since NAFTA came into effect.

Depending on the location, truck traffic in 2000 had increased 30 to 40 percent since 1994, and 80 percent of all truck border crossings occur in Texas—Interstate highway 35 carrying the vast majority of all resulting traffic. Another similarly busy crossing is the Detroit-Windsor link. Without appropriate action, trade-related emissions could increase substantially in such transportation corridors.

- Continental energy links have proliferated over the past two decades, spawning a complex array of cross-border transactions and relationships. Recently, the leaders of the three countries announced the development of a “North American approach” to energy markets. This enhanced level of North American cooperation on energy presents important opportunities for the private sector and environmental policy-makers to address environmental concerns at a North American level.

1.3 The work of the Commission in North American environmental cooperation

The Commission is part of a “new generation” of international environmental organizations. It exists not only to promote environmental cooperation, but also to address environmentally related trade and economic issues, and to promote public participation and accountability in environmental decision-making. It is also unique in that it is a *North American* institution.

Since its inception, the Commission has built a record of success. For example, it has facilitated the development of comparable information related to pollutant releases and transfers, ecoregions and marine protected areas. It has worked with the three countries to establish limits for specific pollutants, resulting in the complete phase out of DDT and chlordane. It has looked at innovative ways in which the market can be harnessed to conserve biodiversity through North American trade in shade-grown coffee, “green” electricity and ecotourism.

While the Commission has made important strides, it still has enormous potential for advancing environmental cooperation in the context of an integrated North American economy. The successes of the Commission provide a solid basis upon which further progress in establishing environmental systems in support of an increasingly integrated North American economy can be built. As well, the experience of the Commission in harnessing the North American market to promote the conservation of biodiversity can be very useful for such efforts in the future.

In the following pages, the advances of the Commission are presented in more detail. We at the Secretariat invite you to learn more about what has been accomplished and what needs to be done, and how you can get involved in the development of a strengthened North American partnership for environmental sustainability.

2 Environment, Economy and Trade

Cooperation among the North American countries is essential to addressing regional environmental issues. It is also a cornerstone of a vibrant North American economy. A more integrated North American economy calls for a greater degree of coordination and cooperation to facilitate trade and establish complementary systems for environmental protection on a North American scale.

A more integrated economy also provides opportunities for employing economic incentives and financial instruments in support of sustainable development. It underscores the need to engage the principle economic actors in environmental protection and conservation in new ways. Farmers, businesses, consumers, landowners, investors and others hold the key to actualizing environmentally sustainable economic development. As they operate in an increasingly North America-wide economy, market-based mechanisms that are crafted for an integrated economy need to be put in place.

Council’s 1998 statement directing the work for the Commission, *A Shared Agenda for Action*, identified the following as priorities in helping the three countries pursue environmental sustainability in open markets:

- promoting trade in environmentally-friendly goods and services;
- exploring linkages between environment, economy and trade; and
- acting regionally in developing North American opportunities under the Clean Development Mechanism, and examining the potential for carbon “sinks” such as forests.

Council also called on the Commission to examine the effects of NAFTA on the environment, complementing this analysis with a look at environmental emerging trends resulting from expanding economic activity. It indicated that the Commission should undertake regular “issue scans,” taking into account economic as well as environmental

trends, and identified the environmental dimensions of the deregulation of the electricity sector as a case of interest. It also directed the Commission to work with other NAFTA bodies and appropriate international institutions to ensure that trade and environment policies are mutually reinforcing.

The Commission's work program on environment, economy and trade addresses each of these priorities.

2.1 Green Goods and Services

In the past few years, the CEC has gained considerable experience in the area of Green Goods and Services—exploring ways to harness the power of markets to support the conservation of biodiversity. Shade agriculture for coffee, vanilla, palm production and other commercial products represents one of the more promising areas under exploration because of its potential to advance sustainable development by supporting economically-viable and environmentally-preferred practices.

2.1.1 Shade-grown Agricultural Products

The CEC has contributed important analytical work to help identify the challenges and opportunities for marketing shade-grown products, with a special focus on coffee. It has played the role of an information broker between producers, retailers and financial markets to help ensure that the concerns and needs of each group are understood and hopefully addressed.

Following the publication of the first-ever North American market study on shade-grown coffee and a collaboration with the Smithsonian Migratory Bird Center to classify growing criteria for shade-grown coffee, the CEC has worked with others to develop baseline environmental data on forest cover and land-use patterns associated with coffee production in Mexico. In parallel with these efforts, the CEC has been working closely with coffee producers, certification bodies, retailers and financial institutions to assess and communicate opportunities for this commodity. Currently, the CEC is providing information on shade-grown coffee and related produce to financial institutions considering micro-loan packages for such products.

Actions this year have included:

- working with UNAM in calibrating results of the 2000 survey by Mexico's National Institute of Geography on rates of change in forest cover in Mexico;
- providing new analysis of comparative yields and revenues between shade- and non-shade-grown coffee, including analysis of net present value;
- providing a compendium of linkages between biodiversity and coffee production;
- working with Resources for the Future to strengthen baseline data on changes in coffee production activities, and the underlying socioeconomic drivers of change;
- providing information to industry groups on prospects for shade-grown coffee;
- initiating work with the financial services sector to examine financing opportunities for coffee; and
- maintaining the online searchable database that describes different coffee labeling and certification schemes in North America.

2.1.2 Chamaedorea Palm

Initial work related to sustainable trade in the chamaedorea palm involves the CEC releasing a socioeconomic and ecological analysis of the palm. The document will appear during the summer. The working group on trade in wildlife species will assess ongoing work and consider next steps.

2.1.3 Sustainable Tourism

The Secretariat has completed a summary report of "best practices" in sustainable tourism in North America's natural areas. The report is being peer-reviewed and will be released this summer. The online database, describing definitions and initiatives related to tourism, was also completed in early 2001. In March 2001, the CEC hosted a meeting on sustainable tourism as it relates to coastal and marine areas. The purpose of the La Paz meeting was to assess the potential of ecotourism for protecting biodiversity, to develop a plan for sustainable whale watching in the Baja to Bering coastal area as a case study, and to present preliminary results of the state and extent of nature-based tourism in North America.

Among the highlights and follow-up work of this pilot workshop were:

undertaking, via a transparent, competitive process, a pilot demonstration project regarding whale watching (the CEC has already identified some seed money for this and will pursue other private moneys as well); furthering transparency and the flow of information among these projects (to this end, the CEC has established a web site for posting progress reports and recommendations and linking ecotourism sites); and elevating the visibility of tourism in CEC's priorities and highlighting results of this project for the United Nations "2002: Year of Ecotourism," in Quebec City.

2.2 Assessing Environment and Trade Relationships

In October 2000, the CEC hosted the first North American Symposium on Understanding the Linkages between Trade and Environment. The meeting, held at the World Bank, attracted 300 people from across North America, representing industry, government, research groups, development groups and environmental NGOs. During the two-day meeting, 14 original research papers were presented and discussed. The symposium represents a step forward in applying empirical and rigorous analysis to the trade-environment debate. The 14 papers are now on the web in their original languages. They will be translated and published in mid-2001, together with highlights of the discussion. An executive summary will be published by the CEC Secretariat for the June Council session, highlighting key findings of the 14 papers.

The Ford Foundation has decided to contribute funds in support of the publication of summary of the symposium, including a closer look at the wider impacts of globalization at the community level.

The next phase of the NAFTA Effects work is to focus on specific issues and/or economic sectors to help deepen the understanding of the relationship between economic and environmental policies. This will include examining such issues as land-use change, forestry and freshwater resources, and the role of market-based incentives to help secure sustainable economic policies.

2.3 Financing and the Environment

The Commission has completed its overview report on possible climate-related investment opportunities among small and medium-size enterprises among three industrial sectors in Mexico. The report is expected to be released during the summer. The CEC has also prepared a financial analysis of potential investment opportunities in the Mexican coffee sector. This has formed the basis for a series of meetings with representatives of the financial services industry held this year to identify financing opportunities for sustainable coffee production. An analysis comparing the relationship between disclosure of financial information to financial/capital markets of the three countries is also being prepared for the fall of 2001, with results to be submitted to the parties in October 2001.

NAAEC Article 10(6) Trade-Environment Officials Meeting

Following the October 2000 meeting, three studies (requested by the parties) are being prepared on the use of precaution in environmental regulations and policies:

- a cost-benefit analysis of applying precaution in environmental policies;
- an overview of the use of precaution in statutes in all three countries, using environmental as well as other public policy areas as examples; and
- examples of case law in which precaution has played a role.

Challenges:

Most people familiar with the CEC expect the organization to provide timely information on key linkages between trade flows and related environmental quality indicators. Essentially, compiling and publishing such information enables the public to gauge "how we are doing in North America" and to test the various working hypotheses about the environmental impacts, both positive and negative, of expanded trade.

In its early years, the CEC focused exclusively on the methodological tools for conducting such assessments. Now that a variety of tools and methodologies are available, the CEC can shift its emphasis to providing the public with high quality data, bringing together the best available information from reliable trade and environment sources. Making such information available in a user-friendly format represents a significant challenge for the organization.

Just as trade has been identified as one of the driving forces behind change in North America, the influence of private financial markets on the environment represents a growing area of study. Among the key lessons learned to

date from the Commission's work on green goods and services includes: (a) undertaking rigorous, ongoing assessment work, capable of providing reliable information on the comparability of different goods and services, based on their environmental characteristics; (b) understanding consumer interest in green goods; (c) understanding specific challenges for producers in supplying green goods and services to the market; (d) addressing transparency issues related to market information tools; and (e) identifying financing opportunities in the green goods and services sector.

More work is needed in linking different marketing schemes both with producer needs and also with consumer expectations. Additionally, the Commission is examining financial mechanisms and public policy measures to take advantage of the opportunity presented by shade-grown agricultural products.

The CEC is currently engaging key private financial institutions in its work on Green Goods and Services. Expanding these efforts will require the active support of governments to assist in creating a supportive policy framework to complement private sector initiatives.

CEC trends work has been hampered by lack of agreement on the topics selected for study by the advisory group, lack of continuity in the advisory group membership, and the lack of an audience for research products. The work program outline for 2001 proposes to fold trends work into ongoing trade work, to examine forward-looking projects in the areas currently under study.

By most any measure, efforts to date have not produced the kind of institutional cooperation between trade and environment officials called for in the NAAEC and noted by the JPAC and the public on numerous occasions. Despite several CEC-funded meetings between trade and environment officials, there is little cooperation between the CEC and the various other committees established under NAFTA, and little more than background discussion papers have resulted from their several encounters.

3 Conservation of Biodiversity

North America supports some of the most diverse marine and land ecosystems on earth. For example, Mexico is among the top ten "megadiversity" countries in the world for the range of species, ecosystems and the endemisms present in its territory. The problems confronting the North American region are, however, as vast as its wealth of life forms: threats to biodiversity and to the health of North American ecosystems put both at risk for current and future generations. Although most problems affecting the North American environment are on the national level, certain others are shared by two of the three countries, and the effects and consequences of some of them have the potential to affect the entire continent.

The CEC acts as consensus builder and catalyst, in cooperation with the three governments and various stakeholder groups, to develop strategies that bring a holistic approach to face the biodiversity challenges of North America.

3.1 Strategic Directions for the Conservation of Biodiversity

The Commission has involved the public and private sector stakeholders from across North America in the development of a long-term strategy in the area of biodiversity. The strategy—a CEC biodiversity agenda for North America—strives to ensure that the Commission's work results in effective, efficient and inclusive conservation initiatives to deal with common threats and opportunities at both the regional and continental scales.

As part of the process for developing the strategy, an *Integrated Baseline Report* was prepared, providing a first attempt to identify concrete opportunities the CEC could undertake in dealing with these issues. The document was then enriched by comments and input from the various stakeholders—the second stage of the strategy development. North American stakeholders from governmental and nongovernmental organizations, indigenous groups, academia, the private sector and the general public assisted in reviewing the *Integrated Baseline Report*, and in providing the CEC with crucial information in the development of the strategy.

The third stage in developing the strategy involved geographic priority setting. This involved a workshop with twenty-one leading ecologists from the three North American countries who identified important regions for biodiversity conservation. The workshop identified fourteen regions as prime candidates for focusing CEC's attention, based on biological continental significance and a high level of threat.

The final stage in the strategy development process was to compile a list of proposed priorities for action that deserve prime attention for North American cooperation via efforts of the CEC. These priorities were derived primarily from stakeholder feedback and reflect continental significance, binational and trinational relevance, a high level of urgency, a high degree of stakeholder consensus and are appropriate to the CEC's mandate.

In April 2001, the Commission held a round table on biodiversity conservation with major conservation organizations to develop a set of recommendations for the draft strategy. The strategy is intended to operate within a 15-year period, setting a broad and consistent framework for achieving the strategic aims, objectives and subsequent priorities for action.

3.2 North American Bird Conservation Initiative

The North American Bird Conservation Initiative (NABCI) is a partnership of organizations and agencies in the private and public sectors with the goal of coordinating domestic efforts to protect birds at a continental scale.

The second trinational NABCI meeting took place in Querétaro, Mexico, 14–16 February 2001. The goal of this meeting was to focus on strategy implementation, as a follow up to the first meeting (held in Puebla in 1998), which established the NABCI vision and guiding principles. In order to implement NABCI, a priority for the CEC is the development of trinational action plans that address common priorities and bird conservation approaches. Therefore, priority areas that were agreed upon at the Querétaro meeting, included providing measurable objectives for a five-year NABCI plan that reflects the national plans; strengthening and consolidating NABCI; increasing the commitment to international bird conservation; and expanding partnerships within the conservation community.

The main recommendations stemming from the NABCI meeting include:

- Developing a trinational bird conservation agreement signed at the highest level of accountability in each country.

- Establishing a revitalized trinational committee with clear accountability to the three national committees.

- Developing and implementing international demonstration projects. A first set of criteria was developed and it was recommended that project priorities should originate in Mexico, with subsequent identification of key sites around these species' suites to take place in the United States and Canada. It is expected that the careful selection of these projects can show local people and national and international program leaders how integrated bird conservation can work on the ground.

- Develop strategic communication plans and products.

- Develop enhanced funding to deliver on the above priorities.

The five-year NABCI plan is expected to be ready in the last quarter of 2001.

3.3 Species of Common Conservation Concern

The Species of Common Concern initiative focuses on those species identified by the Parties as priorities for North American cooperation. They include: ferruginous hawk, peregrine falcon, loggerhead shrike, piping plover, mountain plover, burrowing owl, northern spotted owl, Mexican spotted owl, golden-cheeked warbler, whooping crane, California condor, black-tailed prairie dog, Sonoran pronghorn, lesser long-nosed bat, (greater) Mexican long-nosed bat, black bear, and gray wolf.

Because most of the listed species inhabit the prairie ecoregion—itsself a special North American ecosystem—efforts have begun to foster cooperation among those interested in prairie conservation. Specific actions will also be identified to benefit individual species in the region.

In February 2000, the CEC released the report, *Species of Common Conservation Concern*, in North America, citing evidence of the decline of many grassland migratory and transboundary species. Also in February, the Shared Species Working Table of the Trilateral Committee for Wildlife and Ecosystem Conservation and Management met in Texas and came to the same conclusion. Both groups agreed that it was necessary to take a serious look at what conservation measures the three countries can take in the grasslands.

Given the continental importance and of the grasslands ecosystem and the need to establish a cooperation framework, in mid March 2001, the CEC organized a first trilateral workshop to develop a framework of bi- and trilateral cooperation to conserve migratory and transboundary grassland Species of Common Conservation Concern.

The objectives of the workshop were: 1) to bring together key players engaged in the conservation of grasslands species to determine what is needed to conserve these species, especially (but not exclusively) those on the SCCC list; 2) to identify binational cooperation opportunities among players interested in the conservation of grassland species; and 3) to provide elements to develop action plan(s) to conserve migratory and transboundary grassland species of common conservation concern.

During the workshop, a shared vision was developed and the main recommendations include: 1) developing a grassland strategy; and 2) ensuring a multi-stakeholder cooperation framework to address species of common interest, including the species of common conservation concern.

The focus for the remainder of the year will be on establishing a grassland strategy as a basis for elaborating species' recovery action plans.

3.4 Marine Protected Areas

The Marine Protected Areas (MPA) initiative is establishing a network of MPAs across the region to share approaches, monitoring data and other valuable information to better protect these critical marine habitats and the many migratory species they sustain. The MPA has accelerated a regionally-based pilot of activities with numerous other groups in the Baja to Bering region.

3.4.1 Mapping Marine and Estuarine Ecosystems of North America

Lead participants from the three countries have begun to work together to review the existing initiatives and assess the gaps found in current North American marine mapping. On 12–13 February 2001, the country leads met to review progress and plan the next steps of the project, which include: 1) gathering and reviewing information for each ecological region and ecoprovince (levels I & II); 2) developing a straw-man approach for a level III subdivision of ecoprovinces; and 3) organizing an expert workshop to review proposed mapping scheme to level III (scheduled for August 2001). The present steering committee, composed of these lead participants from each country, is expanding by one to two members for each country and will include governmental and nongovernmental organizations.

3.4.2 North American Marine Protected Areas Network

The Action Plan framework has seven areas of recommended action: 1) valuing economic benefits of MPAs; 2) mapping marine and estuarine ecosystems of North America (formerly defining marine bioregions of North America); 3) developing guidelines for measuring MPA effectiveness; 4) incorporating integrated management planning; 5) expanding applied research for MPAs; 6) developing an ocean ethic; and 7) developing protection standards. Activities are now being initiated to implement the majority of them. Presently, over 250 people from various governmental, nongovernmental, academic, indigenous and private sector organizations are participating in the various North American MPA Network activities (described below).

As suggested by the Steering Committee of the North American MPA Network and accepted by the MPA community, to move this project forward, certain elements of the action plan would be better implemented at a regional level, while others will be implemented at the North American scale. The region selected was the Pacific Coast of North America, also known as the Baja California-Gulf of California to Bering Sea (B2B) region.

The CEC is focusing its stewardship in two ways. First, it will support the identification of trilateral conservation priorities (species and habitats) and complementary mechanisms to measure the effectiveness of MPAs. This was begun at a workshop held in Monterey, CA, in early May 2001. Second, it will ensure that communication among stakeholders, the network of MPAs, and the institutional framework, which provides leadership and coordination in the region, is strengthened and effective.

In order to advance the initiative in this manner, the following activities are being implemented:

MPA networking and capacity building

Inventory

In coordination with DFO, the *Comisión Nacional de Areas Naturales Protegidas*, NOAA, and other governmental and NGO partners, the CEC is working to develop a web-based inventory of MPAs for managers, NGOs, decision makers, academics and other users to support the North America network. This visual, geographical information system (GIS)- and web-based tool will provide a common North American Graphic User Interface that will use the content and data from existing Canadian, Mexican and US Internet-based inventories. Its inventory will not only be accessible through different query capabilities (i.e., by clicking on a MPA site on a map or through name or theme searches), but also it will include searchable thematic topics and feature special projects or initiatives that individual sites can share with others.

Web tool

A joint collaborative web tool—Marinet <<http://www.crossdraw.com/marinet>>—was created to facilitate communications and provide a vehicle for members of the NA MPA Network to inform each other about important MPA related documents, events, and issues.

Institutional Strengthening

The CEC is partnering with the Baja California to Bering Sea (B2B) Marine Conservation Initiative to bring together nongovernmental organizations, agencies, scientists, stakeholders, and interested individuals to help restore and conserve the unique biodiversity and productivity of the Pacific Coast of North America through a linked network of marine protected areas. Among other goals, the B2B Initiative strives to build the long-term institutional support for the network and is working closely with the CEC on areas of common interest.

Over the past year, the B2B participants have developed a common vision and mission, and identified the key components of a strategic plan, which were finalized on 19–20 April 2001 in Tofino, British Columbia. Five program goals have been identified:

- develop a common conservation vision for the region, including a linked network of MPAs and connecting corridors;
- develop a common understanding of past and present ecological processes and cultural attributes of the B2B region and foster the advance of new research in these areas;
- foster an ocean ethic among the public and develop support for the B2B conservation vision;
- build and support regional and local grassroots capacity to implement the conservation vision; and
- promote dialogue, partnerships and information exchange.

Trinational conservation priorities and measuring effectiveness

The three priority areas—protection standards, expanding applied research for MPAs, and MPA management effectiveness tools—address three fundamental MPA network questions:

- What species at risk are of common conservation concern to all three countries and what collaborative actions can be taken to help improve their status? (Marine Species of Common Conservation Concern Track)
- Where are the high priority marine and coastal habitats most in need of conservation? (Priority Habitats Track)
- What are realistic conservation objectives and targets for such sites and how will we measure their effectiveness over time? (Targets and Indicators Track)

The first activity of the Protection Standards priority area is the definition of Marine Species of Common Conservation Concern. Through this project, a list of species of trinational importance shall be developed and agreed upon by the three countries of North America. In a subsequent report, the status of the species will be described, and the gaps/opportunities for collaboration will be identified. This project will be one of the many sources of information used in developing targets and indicators as well as priority areas for the B2B region.

The first activity of the Applied Research priority area will focus on means of identifying priority areas within the B2B region. This will be done by incorporating existing biological and physical data as well as socially derived data into a geographical information system (GIS). This data collection process will provide the basis for a follow-on

workshop to identify important habitats for conservation. Using the level III map as a starting point (developed via the work of the Ecosystem Mapping team), conservation sites can then be prioritized through a process of risk assessment.

The first activity of the Management Effectiveness priority area will provide an appraisal by scientists of the ability of MPAs to achieve specific goals and information on how these goals will be measured.

Challenges:

The CEC has concentrated on identifying North American priorities, resulting in a framework for catalyzing action more effectively at the continental and regional levels. As the CEC moves from planning to on-the-ground delivery of conservation action, the challenge ahead is to ensure synergies among the various stakeholders and to integrate current CEC activities. An agreement of the Parties is urgently needed on which North American biodiversity conservation priorities the CEC will be stewarding, particularly in light of human and financial resource constraints.

4 Protecting the Environment for Better Human Health

Air pollution, water contamination, exposure to hazardous wastes, and levels of contaminants found in food, as well as in the home and work environment are increasingly being recognized as key determinants of health. From conception through adulthood, exposure to environmental hazards can impair human health and quality of life. Children, because of their development and rapid growth, and their unique behaviors, are more vulnerable than adults. Other population groups that may be vulnerable to environmental contaminants include aboriginal people living in the North, the aged, and the poor. Threats to human health posed by contaminants can also affect economic development through associated health care and environmental remediation costs, and other indirect economic costs.

North America is linked by air and watersheds. Pollutants can travel through the atmosphere for thousands of miles. As well, toxic substances cross boundaries as products or wastes to be treated. Cooperation on environmental health threats can ensure that hazards from common sources are adequately addressed and that successful strategies and tools to provide people with clean air, clean water, and environmental health are shared.

Council, in its *A Shared Agenda*, recognized the importance of protecting human and ecosystem health. It called on the Commission to continue promoting cooperation on air quality issues, targeting substances for phase-out or reduction under the Sound Management of Chemicals program (SMOC), and to promote pollutant release and transfer registers, and to continue the production of *Taking Stock*. In 1999, Council identified children's health and the environment as an important concern, and directed the Commission to work in that area.

4.1 Cooperation on North American Air Quality Issues

Pollutants are often carried across political boundaries through atmospheric transport. By cooperating on the tools and methodologies addressing air pollution and transport, as well as supporting cooperative work among the North Americans, the CEC is helping to maintain the integrity of our common airsheds.

As regional commerce accelerates, so too does the volume of goods and services flowing through North America trade arteries—on land, by air and over water. In September 1999, the CEC performed initial scoping work resulting in the preparation of *North American Trade and Trade Transportation Corridors*. The report identified the most significant projects, participating agencies, and current level of coordination associated with North American transportation corridors. In 2000, the CEC sponsored a study by ICF Consulting to look at potential environmental impacts from increased trade along five corridor segments in North America—two crossing the Mexico-US border and three crossing the Canada-US border. This effort also formed a stakeholders advisory group, (governmental and nongovernmental representatives from each country) to help identify likely environmental impacts (with special emphasis on air quality) of North American trade and transportation corridor development, and describe opportunities for the prevention or mitigation of these impacts.

The work by ICF led to a public presentation of the study at a CEC-sponsored workshop in Winnipeg, Manitoba, on 15 March 2001. Some of the key points on air pollution impacts from increased trade identified in the report include:

- Assuming low-sulfur fuel and heavy-duty diesel emission standards are implemented in the US and Canada, total

trade-related emissions of NO_x and PM₁₀ will decline or remain constant by 2020, compared to current levels. This occurs despite trade volumes projected to grow by two to four times.

- In corridors with high trade growth and absent technological improvements in current locomotive engines, NO_x and PM₁₀ emissions from rail transportation will increase 50 to 100 percent by 2020. In all corridors, because of the projected decline in truck emissions, rail will contribute a much larger proportionate share of trade-related NO_x and PM₁₀ emissions.
- Trade-related emissions of greenhouse gases and CO will not be reduced under the new emission standards, and are expected to rise substantially by 2020. For example, under the baseline 2020 growth scenario, trade-related CO₂ emissions will increase by 2.4 to 4 times over current levels in the five corridors studied.

Air pollution episodes are regional and transboundary in nature. Thus there is a need to better understand source-receptor relationships in order to put in place cost-effective control programs. Toward this end, an initiative has been launched to develop a trilateral inventory for criteria air pollutants. Such information is critical to the use of atmospheric models employed to inform national programs and strategies. As with the PRTR reports, a criteria air pollutant inventory report will also provide the public with information on pollution sources, both locally and regionally. The CEC air quality program has been in discussions with federal, provincial, state, and local air inventory specialists as part of a process to outline the pertinent issues on inventory data sharing and comparability among the three countries. The CEC plans to have a scoping document on these issues prepared by August for discussion among the governments. After government review, the discussion paper will be presented for public discussion at a joint meeting with the PRTR Consultative Group in late 2001 or early 2002.

In May 2001, the CEC air quality program initiated a cooperative effort with the United States-Mexico Foundation for Science in Mexico City (established by the Mexico Nobel laureate Mario Molina) to launch an association of air quality professionals in Mexico. The association will be national in scope, and include participants from government, the private sector, academia, and environmental nongovernmental organizations. This is the first national organization of its kind in Mexico and will help disseminate throughout the country the lessons learned on air quality research in Mexico City, the border cities, and elsewhere. The association will also provide an organizational focus for exchange opportunities with comparable organizations in Canada and the United States.

4.2 Sound Management of Chemicals

There are currently over 70,000 chemicals in commerce in North America. Relatively few of these have been fully tested for their toxic effects although many have been on the market for many years. In addition, in excess of 1,000 new chemicals are introduced into commerce every year.

The Sound Management of Chemicals (SMOC) program was launched in 1995 to give governments a trilateral forum to deal with chemicals of mutual concern in a cooperative and coordinated fashion. To date, priority attention has been given to persistent and bioaccumulative toxic chemicals. North American Regional Action Plans (NARAPs) have been prepared and action taken to address DDT, chlordane, PCBs, and mercury. Of particular note is the fact that based on the commitments in the DDT NARAP, Mexico moved in a deliberate fashion to phase out the use of DDT and have now instituted other means to control the threat of malaria. Because of these actions, North America is now a "DDT-free Zone." The chlordane NARAP is now also coming to a successful completion of its goal to phase-out use of chlordane.

A NARAP is in preparation to deal with dioxins/furans and hexachlorobenzene as a cluster of chemicals. Lindane and lead are currently being examined by the Parties in the three countries to ascertain whether further trinational action is needed on these substances.

SMOC working group meetings and a public meeting were held in Mexico City, 21–23 March 2001, to review progress in the implementation of the work program. Most notable elements included the completion of a final report on chlordane and the start up of the taskforce on dioxins and furans.

A monitoring and assessment workshop was held in Toronto, 27–28 March 2001, to review monitoring and assessment needs for the North American region. It was attended by experts from government, academia, and

nongovernmental organizations. The objective was to assist the Monitoring and Assessment Task Force to prepare an action plan to address monitoring needs for the continent from an ecosystem and human health perspective. It is anticipated that the action plan will address both some pressing short-term needs as well as to put in place a framework for a long-term, more comprehensive plan.

Under the auspices of UNEP, a persistent organic pollutants (POPs) treaty was successfully concluded in 2000. The actions detailed above deal with many of the POPs that will be covered by the treaty, thus putting North America in a leadership position in tackling this major global threat. UNEP has recognized these efforts and has invited the CEC to enter into an memorandum of understanding to share our work with other regions of the globe.

4.3 Promoting Public Right-to-Know: Pollutant Release and Transfer Registers

Providing information to the public about releases and transfers of specific pollutants is recognized as an important public policy tool by the three countries. Tracking data on releases and transfers of pollutants can help identify opportunities to reduce waste, cut costs and create a safer environment for workers and local communities. *Taking Stock* is a North American inventory and overview of continental pollutant releases and transfers, and a “right to know” tool to improve transparency and promote the reduction of such pollution in North America. The compilation makes North America a leader among the OECD members in pollutant inventory development and the regional integration and use of such information. As an ever-increasing number of countries around the world look to PRTRs as practical tools for promoting pollution reduction and public access to information, North America is well placed to play a leadership role.

The fifth *Taking Stock* report, presenting 1998 data and 1995–1998 data trends, will be released this summer. In conjunction with the report’s release, the CEC will launch its new interactive PRTR web site that will enable users to generate comparisons and track trends for chemicals, sectors or geographic regions of particular interest across North America. Based on input from stakeholders and following developments in the national registers, such as addition of new chemicals and lowering of reporting thresholds, the *Taking Stock* report continues to be improved and expanded. To date, the report includes data from the US and Canada: as data from the Mexican PRTR become available they will be included in future reports.

Supporting the further development of the PRTR program in Mexico is a priority focus of the CEC’s PRTR project. In November 2000, approximately 100 participants took part in a two-day workshop on “Forging Alliances to Prevent Industrial Pollution: New Approaches and Tools for Environmental Management” in Tijuana, Baja California, Mexico. The event was organized jointly by the CEC’s PRTR project, the Law and Policy program area, and NAFEC, in collaboration with the *Dirección General de Ecología* of the State of Baja California, Mexico, and the federal *Instituto Nacional de Ecología* (INE). It provided a forum for representatives of government, industry, public interest groups, academia and others from the border region and throughout North America to discuss the complementary roles of PRTRs, EMSs and public access to information as tools for sound environmental management and effective industry-community dialogue. Participants emphasized the importance of PRTRs and public access to information as a basis for trust and accountability, and noted ways in which a company’s EMSs and PRTR reporting can be made mutually supportive.

Members of the multi-stakeholder Consultative Group for the PRTR Project and other interested parties convened in Mexico City on 5–6 March 2001, for the annual public meeting. In addition to providing input into the development of the *Taking Stock 1999* report, the meeting also featured a round table discussion on opportunities for advancing the PRTR in Mexico and a special session on tools that use PRTR data. During the round table on the Mexican RETC, the representatives from the *Secretaría de Medio Ambiente y Recursos Naturales* (Semarnat), affirmed their government’s commitment to evolving the currently voluntary RETC with a view to making it mandatory within two to four years. As a parallel effort, the national chemical industry (*Asociación Nacional de la Industria Química*, ANIQ) and the industry association in Monterrey, Nuevo León (*Cámara de la Industria de la Transformación de Nuevo León*), pledged to make information available under the current voluntary scheme. Participants also generated a number of additional ideas on ways to promote PRTR reporting and public access to information in Mexico, which was seen as a top priority for the CEC’s PRTR project.

As a result of their involvement in the CEC PRTR project, the three national PRTR programs interact on a regular basis to exchange ideas and share technical information. The countries are also engaged in an ongoing process of

looking at the similarities and differences among their three systems, with a view to improving the comparability of PRTR data across North America over the medium to long term.

4.4 Pollution Prevention

The pollution prevention program commenced its activities in 1995 with the object of promoting the introduction of this type of initiative into productive activities, particularly in Mexico. The CEC undertook 10 pilot projects to demonstrate the economic and environmental benefits of pollution prevention techniques and technologies in Mexico.

In 1996, with the participation of Mexico's National Confederation of Industrial Chambers (*Confederación de Cámaras Industriales*—Concamin), a pilot fund was set up to support the implementation of pollution prevention projects in small and medium-size Mexican businesses. It is estimated that the environmental benefits generated by these four projects to date have avoided emissions of over 1,465 tonnes of chemicals and saved more than 68,200 cubic meters of water.

In January 2000, at the initiative of the CEC, the activities of the Mexican Pollution Prevention Round Table got underway with the first meeting of its organizing committee, currently composed of 13 different organizations and institutions representing government, industry, academia, technical and financial assistance agencies and nongovernmental organizations. The first event of the round table was held in the city of Querétaro in August 2000. Currently, there are five standing working groups on political aspects, barriers, technical support, financing and training, respectively.

At the trinational level, work is being done to integrate the region's three pollution prevention round tables. The presidents and directors of these round tables held an initial meeting in October 2000 to explore various forms of linkage and cooperation among the three organizations. Since then, they have been cooperating in two main areas: 1) electronic linkage of their web sites and active participation in one another's events; and 2) analysis of North American pollution prevention policies, for which purpose analysis and proposal documents are currently being developed for each of the three countries. These documents will be presented in preliminary form at the next event of the Mexican Pollution Prevention Round Table, to be held in Monterrey, Mexico, in September. Based on the results of this work and with the help of a trinational group, a regional vision will be produced, encompassing specific projects for the next several years.

4.5 Children's Health and the Environment

Children throughout North America are exposed via food and mother's milk to persistent toxic substances transported across borders by wind and water. To date, environmental health research and standards-setting processes have been geared towards adult exposures and susceptibilities, with the result that often not enough is known about the potential impacts on children. A concerted effort is needed to gain a better understanding of environmental threats to children's health and development, and to develop appropriate policy tools.

Recognizing the need for greater cooperation to protect children from environmental threats in North America, in June 1999 the CEC Council announced a special initiative on children's health and the environment. A symposium on the subject was convened in Toronto in May 2000, during which participants noted numerous challenges to children's health in North America and underscored the potential benefits of regional cooperation. In June 2000, the CEC Council issued Council Resolution 00-10 on Children's Health and the Environment. The Resolution calls for the development of a cooperative North American agenda to protect children from environmental threats and other actions to promote information exchange and incorporate a children's health perspective into existing CEC projects. Council also called for the formation of an Expert Advisory Board to advise it on matters of children's health and the environment. The board will be officially convened in summer 2001.

Discussions are ongoing on possible trilateral cooperation to develop better data on children's exposures to toxic chemicals, the development of indicators, and comparative analyses of existing and emerging policy tools. By providing a continent-wide forum for children's environmental health issues, the CEC is working to foster partnerships and create synergies among the numerous institutions and actors that are actively involved in efforts to protect children's health and the environment throughout the continent.

Challenges:

While SMOC remains the flagship initiative in this area and has produced significant results in its early years, challenges will emerge as the Parties address more extensively used (mercury) or widely emitted (dioxins) substances. Implementation of action plans in these areas will require governments to take actions that are rooted in their domestic programs. At present there is no mechanism to evaluate progress in the implementation of existing NARAPs. A mechanism that reports back to the Parties and the public would not only help maintain support for the SMOC initiative, but would also help identify areas where additional attention is useful and where collaboration with other agencies and organizations may be helpful.

In addition, since action has been taken on only a relatively few chemicals to date, the Commission's efforts in the SMOC program will need to turn to strategies that can tackle more chemicals more quickly. Toward this end, the "cluster" and "sector" approaches that are being examined to tackle the dioxin family of chemicals may provide a model for accelerating the rate of dealing with other problem chemicals. In addition, the Commission can work with chemical manufacturers, supporting their efforts to study environmental and human health effects for chemicals that are currently in commerce and providing data on this to governments. How the three countries can work together to screen new chemicals and products of biotechnology for their environmental and human health effects before they are introduced into commerce should also be explored. And finally, consistent with new directives being adopted by the OECD and falling under the Basel Convention, more attention is needed at the end of products' lifecycles to ensure that hazardous wastes are properly transported and treated, destroyed or recycled. Since bilateral agreements between Canada and the United States and Mexico and the United States are already in place governing the transboundary movement of hazardous wastes, there is the opportunity to link enforcement actions to ensure that cross border movement of these wastes does not escape nationally established safety nets.

Mexico recently committed itself to seek a mandatory PRTR reporting regime, though it will still be some time before CEC reporting in this area (*Taking Stock*) includes Mexican data. There is also a need to remove other barriers to a continent-wide data set as important differences persist respecting key issues such as reporting thresholds, covered substances and definitions.

Conversely, although efforts in the air projects got off to a slow start in looking at convergence opportunities in other areas of air pollution, progress on the inventory of criteria pollutants has accelerated appreciably in the past year.

5 Environmental Law and Policy

Law and policy are the cornerstones of efforts to protect the environment and promote sustainable development in the three countries. The transboundary nature of many of the problems facing all three North American nations have increasingly led to efforts to seek common solutions and approaches. The Law and Policy program at the CEC helps the countries carry out their NAAEC obligations in encouraging regional cooperation among the government agencies, not only in enforcement and compliance promotion activities but also in development and improvement of environmental laws and regulations.

5.1 Comparative Report on Environmental Standards

The program is continuing its work on a scoping project to analyze standards in a critical area of North American environmental concern. As the trend toward increased intensive agricultural practices continues, regulatory agencies throughout North America are seeking ways to balance commercial and environmental interests. This study will provide a comparative overview of the regimes in place (of a regulatory and guidance nature) and highlight current trends. It will provide a baseline report on how environmental and human health concerns are addressed by various authorities in this area.

5.2 Enforcement Cooperation

The Council, in its *A Shared Agenda*, identified as a major task of the Commission the monitoring of trends in domestic legislation and implementation to ensure that domestic laws are being effectively enforced. Council also emphasized the importance of the Commission assisting the three countries by facilitating cooperative efforts in ensuring compliance. Specifically Council identified the following as important areas of concentration for the Commission:

the analysis of trends in each country's enforcement and compliance performance to establish a baseline;

compliance assistance and info sharing;
development of compliance indicators that show real changes in environmental performance; and
the promotion of improved performance through helping to develop expertise in government environmental management systems, voluntary agreements and ways to improve environmental standards.

5.2.1 North American Regional Enforcement Forum

The North American Working Group on Environmental Enforcement and Compliance Cooperation (EWG), a group of enforcement officials from each of the three countries, has met regularly since 1995 and given guidance to the CEC in projects such as voluntary compliance initiatives and a needs assessment for tracking and enforcement of transboundary movement of hazardous wastes. Planning for this year's annual meeting has been delayed by changes in administration in Mexico and the United States and the retirement of key Canadian members of the EWG. However, the new membership also provides an opportunity to expand the attendance at this meeting to include high ranking enforcement officials from other government departments in the three countries to discuss new avenues for regional enforcement cooperation.

To bring to a close its work on compliance indicators, the EWG decided to prepare a "lessons learned" report on its pilot project to develop compliance indicators in the area of hazardous wastes. This report was to be prepared by the members of the EWG as their last effort in this area since the group agreed that it was unable to make further progress on compliance indicators at this time.

5.2.2 Enforcement and Compliance Capacity Building

Capacity building efforts address both wildlife enforcement and pollution tracking and control.

Capacity building with respect to wildlife enforcement is carried out in conjunction with the North American Wildlife Enforcement Group (NAWEG). In August 2000, NAWEG and the CEC sponsored their fifth annual CITES-related training seminar. Held in Monterrey, Mexico, it focused on enforcement issues related to trophy hunting and game farming. Over 70 wildlife enforcement officers from Canada, Mexico and the United States attended to review not only the regulatory systems in effect in each country but also inspection techniques and species identification. The significant cost sharing contributions from all agencies involved highlight the importance that they attach to this type of regional capacity-building and networking.

The work of the North American Wildlife Enforcement Group (NAWEG) has shifted focus from CITES training to public participation issues. The NAWEG is organizing a two-day forum on public participation in wildlife enforcement activities to take place in the fall of 2001 in Washington, DC. This departure from its usual training focus is due to the success of the short seminar on public participation in enforcement, which the EWG put on in conjunction with the JPAC meeting during the CEC annual Council Session in Dallas last June. NAWEG met in Ottawa in April 2001 in conjunction with the meeting of the Trilateral Committee on Wildlife and Ecosystem Management and Conservation. The NAWEG used this meeting as a working session to provide input into the organization of the fall 2001 workshop, agree on its plan of activities for the next three years, and undertake the preparation of a 10-year strategic plan for the group. The Law and Policy program and NAWEG collaborated with the Conservation of Biodiversity program in organizing the invasive species workshop held in Montreal in March 2001. Enforcement issues relating to invasive species will be the topic for the next annual NAWEG training seminars in 2002.

Capacity building for pollution tracking and control involves two areas: (a) participation in SMOC meetings to add enforcement and compliance expertise in the formulation of NARAPs, and (b) work on designing and presenting joint training on the illegal trade in CFCs. This year the Enforcement Cooperation program has for the first time initiated a more direct contribution to enforcement and compliance dimensions of the Phase II Mercury Action Plan. It will participate in a joint study to focus initially in gathering information on the transboundary movement of mercury destined for processing or final disposal.

Capacity building in the second area centers on training on enforcement issues related to ozone-depleting substances (ODSs). This area was selected because all three NAFTA Parties are signatories to the Montreal Protocol on Substances that Deplete the Ozone Layer. Both the United States and Canada have already imposed severe limitations on the production and importation of many ODSs and Mexico is currently working on new regulatory

controls on ODSs. However, there is a thriving trade in some restricted ODSs (such as CFC-12, or “Freon,” which is used as a refrigerant in automobile air conditioners). This joint training on enforcement issues related to ODSs is intended not only to enhance enforcement capacity but also to serve as a foundation on which to build an enforcement network for continuing cooperation. The CFC training will take place in the fall of 2001 in Mexico city. The UNEP office responsible for this type of training in Central and South America has agreed to participate in this CEC initiative as an initial step in helping to encourage a broader enforcement network throughout the Americas to control illegal trade in CFCs.

5.2.3 Enforcement and Compliance Reporting

Since June 2000, the members of the Enforcement Working Group (EWG) have been preparing their draft reports for contribution to the Special Enforcement Report. The topics being covered are inspections, compliance promotion activities and results measurement. The complete version in all three official languages will be published in summer 2001. The EWG supported the preparation by the CEC Secretariat of an enforcement report, in the alternating years in which there is no Special Enforcement Report produced by the Parties. Topics for this report are currently under consideration.

5.2.4 Environmental Management Systems to Promote Compliance and Environmental Performance

In June 2000, Council endorsed the Guidance Document on environmental management systems produced by the Enforcement Working Group. Entitled *Improving Environmental Performance and Compliance: 10 Elements of Effective Environmental Management Systems*, the document has been available since June on the CEC web site, has been produced in pamphlet form in the three languages, and has been distributed to various interested international organizations.

The CEC has also sought to pilot use of the document by private sector organizations. DuPont Mexico has agreed to be the first participant in a pilot project using the Guidance Document and the CEC is pursuing discussions to encourage the participation of US and Canadian DuPont plants. The CEC is also exploring ways to expand the pilot to other industries or sectors.

Challenges:

The first few years succeeded in building trust and laying the foundation for cooperative enforcement-related efforts in this area. However, given the often confidential nature of domestic enforcement operations and strategy and the limited avenues for meaningful public participation, it remains difficult to identify initiatives in the enforcement and compliance area that garner the ongoing interest and support of all Parties.

The key to success with the NAWEG projects has been the commitment to action by all country representatives on capacity building projects of practical relevance to all three parties. The future success of the EWG for other cooperative enforcement work will require the same level of interest from its members and expansion to build relationships with state and provincial enforcement colleagues.

Although the EWG has sought to maximize its limited funding by producing work through its members, heavy work loads on domestic issues have meant that working group tasks on EWG projects are seldom completed in a timely fashion. Given the human resource constraints all Parties face, the EWG needs to assume a supervisory rather than a participatory role in carrying out the work of the Enforcement Cooperation program and to make strategic choices to focus its efforts on fewer projects. While the reports issued to date have been of interest to the enforcement community, more effort will be required to fulfill public expectations to provide useful information respecting the effective enforcement of environmental law. Overall, the Parties may wish to consider additional measures to address public expectations regarding CEC reporting on enforcement practices in the region.

Overall, the Parties may wish to consider additional measures to address public expectations regarding CEC reporting on enforcement practices in the region.

6 Secretariat Report on the Environmental Challenges and Opportunities of the Evolving North American Electricity Market

The combination of restructuring and increased international trade in electric power in North America presents challenges to, and opportunities for, environmental policy. The sector has long been a major source of several key air

pollutants and associated environmental impacts, including mercury and acid rain, as well as non-air environmental problems, such as potential impacts of transmission on children's health, and land-use changes. The sector has also made important progress in the decoupling of total electric power generation from total emission levels. More analysis is required to determine probable effects of changes in the structure of the electricity sector in terms of both environmental quality, and environmental policy.

In November of 1999, under NAAEC Article 13, the CEC began to examine the environmental opportunities and challenges associated with electricity restructuring in North America. In January 2001, the first meeting of the Advisory Group on Electricity and the Environment took place, bringing together senior representatives of the utilities sector together with environmental and regulatory experts. The Advisory Group, chaired by the Hon. Phil Sharp, is advising the Secretariat on the development of the initiative on Electricity and the Environment. A report will address the environmental opportunities and challenges facing the evolving continental electricity market including demand-side efficiency and incentives—two main issues identified by the advisory board during the meeting.

Actions to date include:

- the first phase of an online database, describing key developments in restructuring and environmental and renewable portfolio standards, as well as demand-side issues related to product energy efficiency standards;
- the preparation of a background report, highlighting key issues related to market integration;
- an overview of quantitative economic modeling used thus far to assess the environmental effects of restructuring, as well as development of a CEC-sponsored (partial equilibrium) model to examine possible trade-environment links;
- a summary market analysis of demand-side issues; and
- the identification of potential market access issues.

Next steps will include:

- developing scenarios of possible changes in international trade of electricity involving Canada, US and Mexico; with Mexico's National Commission for Energy Conservation (*Comisión Nacional para el Ahorro de Energía—CONAE*), and informal data support/input from Mexico's Federal Electricity Commission (*Comisión Federal de Electricidad—CFE*), undertaking the first market analysis in Mexico of demand-side issues related to energy efficiency and renewability, with a survey of the top 100 Mexican companies measured by energy use;
- examining market incentives in support of environmental goals during restructuring and continental market integration;
- conducting additional modeling work;
- holding a meeting of advisory group in late May 2001;
- staging a Symposium on Electricity and the Environment in November 2001; and
- producing a final report for Council in late 2001, with recommendations from the Advisory Group.

7 Submissions on Enforcement Matters

Under Article 14, any citizen in North America may make a submission to the Commission calling attention to situations where governments may not be enforcing environmental laws effectively. This tool is for members of the public to request that the CEC develop a factual record on alleged non-enforcement of environmental law. Since June of last year, three new submissions have been received by the CEC Secretariat.

7.1 Status of submissions

The status of the twelve submissions currently under review is as follows:

Pending Council Decision on Development of Factual Records:

- 1) **Aquanova.** On 4 August 2000, the Secretariat informed Council that SEM-98-006/*Grupo Ecológico Manglar A.C.* (concerning Mexico's enforcement in regard to wetlands impacts of shrimp farm) warrants developing a factual record.
- 2) **Migratory Birds.** On 15 December 2000, the Secretariat notified Council that submission SEM-99-002/*Alliance for the Wild Rockies, et al.* (concerning enforcement by the US of the Migratory Bird Treaty Act against logging operations) warrants developing a factual record.

3) **BC Mining.** On 11 May 2001, the Secretariat notified Council that submission SEM-98-004/*Sierra Club of British Columbia, et al.* (concerning Canada's enforcement of the Fisheries Act against mining operations in British Columbia) warrants developing a factual record.

4) **Oldman River II.** The Council has deferred consideration of the Secretariat's notification that a factual record is warranted with respect to SEM-97-006/*The Friends of the Oldman River* (concerning Canada's enforcement of the Canadian Environmental Assessment Act and the Fisheries Act).

Regarding these four cases, Council may, upon a two-thirds vote, instruct the Secretariat to prepare a factual record.

Factual Record in Development:

Metales y Derivados. The Secretariat is currently developing a factual record on SEM-98-007/*Environmental Health Coalition, et al* (concerning Mexico's enforcement related to abandoned lead smelter site).

Pending Determination Whether Factual Record is Warranted Under Article 15(1):

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

2) **Great Lakes.** SEM-98-003/*Department of the Planet Earth et al.* (concerning enforcement by the US in relation to dioxin and mercury emissions from solid and medical waste incinerators)

3) **BC Logging.** SEM-00-004/*David Suzuki Foundation et al.* (concerning Canada's enforcement of the Fisheries Act in relation to logging operations in British Columbia)

4) **Molymex II.** SEM-00-005/*Academia Sonorense de Derechos Humanos et al.* (concerning Mexico's enforcement in relation to air quality and environmental impacts of molybdenum processing plant)

These submissions are being reviewed by the Secretariat in light of the Party's response to determine whether development of a factual record is warranted. On 13 September 1999, the Secretariat requested additional information from Mexico under Article 21(1)(b) concerning SEM-97-002/*Comité Pro Limpieza del Río Magdalena* (concerning Mexico). No response to this request has been received.

Pending Response from a Party Under Article 14(3):

Cytrar II. On 13 June 2001, the Secretariat determined that the Party's response in SEM-01-001 / *Academia Sonorense de Derechos Humanos, A.C. et al.* (concerning Mexico's enforcement in relation to hazardous waste landfill) was insufficient to determine that the Secretariat shall proceed no further with the submission under Article 14(3)(a). Under Article 14(3), the Party has 30 remaining days to provide more information relevant to Article 14(3)(a) and/or to respond to the allegations in the submission.

Pending Secretariat Determination Under Articles 14(1) and (2):

1) **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).

2) **Dermet.** SEM-01-003/ *Mercerizados y Teñidos de Guadalajara, S.A.* (concerning Mexico's enforcement in relation to the probative value in a civil trial of a *Profepa* technical opinion in relation to on groundwater contamination caused by the Dermet, S.A. de C.V., in the city of Guadalajara in Jalisco).

These submissions are being reviewed by the Secretariat to determine whether they meet the Article 14(1) criteria and whether, based on the factors in Article 14(2), they warrant a response from the Party.

7.2 Historical Background of Submissions

The **nineteen** submissions that are no longer pending were addressed as follows:

Ten 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*

Molymex 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/*Submitter's name confidential.*

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

Methanex- SEM-99-001//*Methanex Corporation*

Neste- SEM- 00-002/*Neste Canada Inc.*

Three 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*

One submission has been withdrawn by the Submitters:

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

Two factual records have been prepared and made public:

Cozumel- SEM-96-001/*Comité para la Protección de los Recursos Naturales, A.C. et al.*

BC Hydro- SEM-97-001/*B.C. Aboriginal Fisheries Commission et al.*

The Council has dismissed one submission 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.*

At the 13 June 2000, Council Session, Resolution 00-09 was adopted, establishing two mechanisms related to NAAEC Articles 14 and 15. First, Council established an ongoing process for referring to JPAC issues raised by Council, the public, the Secretariat or JPAC itself concerning the implementation and further elaboration of Articles 14 and 15, so that JPAC may conduct a public review and provide advice to Council on the issues. This process was established for an indefinite period. Second, Council asked the JPAC to conduct a review the history of citizen submissions and report on the lessons learned regarding the Article 14 and 15 process, taking into account issues raised by the Parties' on specific submissions and referred to JPAC through Council. The JPAC finalized this report on 4 June 2001. Council stated its intention to review the operation of Resolution 00-09 after two years (i.e., in 2002).

8 Public Participation and Transparency

Public participation and transparency are core values that are reflected in both the design and operation of the CEC. An active and engaged JPAC as well as the National Advisory Committees (NACs) and Government Advisory

Committees (GACs) are successful in facilitating public discussion and input on various issues and have played important roles in providing valuable advice to Council and ministers respectively. The citizen submission process under Article 14 helps contribute to a better understanding of effective enforcement, and promotes North American values of openness, transparency, and accountability at all levels of government. As well, the CEC facilitates the development of environmental information and public access to that information.

Efforts are being made to strengthen the participation of civil society in the work of the Commission. While the CEC Secretariat has tried to incorporate public participation mechanisms into many of its programs and projects, there is room for improvement. A clear public participation strategy is required. As a first step in meeting this need, CEC staff have developed a draft strategy and outlined pilot activities to be carried out in 2001. These will include efforts to enhance public participation in (a) the Annual Council Session and (b) the Pollutants and Health program (particularly in the SMOC process, but with links to other program elements). The JPAC Liaison Officer and NAFEC Coordinator will take primary responsibility for these activities, in close cooperation with other CEC staff. Following evaluation of this initial stage, the strategy will be refined and a proposal will be developed to integrate effective public participation mechanisms into the work of the CEC Secretariat on a more permanent and extensive basis.

9 Partnerships and capacity building

Partnerships

The CEC draws significantly on the expertise found in universities, NGOs, business groups and government agencies. It depends on its ability to reach out to other organizations and collaborate with them to achieve concrete results. There are good examples of effective partnerships with other organizations that are contributing to valuable progress:

- The CEC has collaborated with many organizations to establish the North American Biodiversity Network (NABIN), including the US Geological Survey, Agriculture Canada, *Red Mexicana de Información sobre Biodiversidad*, *Comisión Nacional para el Conocimiento y Uso de la Biodiversidad*, the Centers for Disease Control and others. In total, the CEC has leveraged over a million dollars, primarily through the National Science Foundation, but also through EPA, NOAA and others.
- UNITAR has been an informal partner of the CEC with the mutual aim of supporting the further development of the national PRTR program, RETC, in Mexico.
- The CEC has collaborated with the Conference of New England Governors and Eastern Canadian Premiers in identifying the movement of smog precursors.
- The Western Governors Association has helped the CEC in its work on promoting transboundary environmental impact assessment.

Capacity Building

One of the important conclusions that can be drawn from the work of the CEC is that investment in high levels of environmental protection and the effective enforcement of environmental laws will enable countries to come to terms with any environmental challenges raised by liberalized trade. While Canada and the United States have technical and financial resources to address environmental concerns, the resources available to Mexico are more limited. The CEC has undertaken efforts to strengthen the capacity of government, business and NGOs in specific areas:

- **Sound Management of Chemicals**: A joint \$400,000 project with the United Nations Environment Program and the Pan American Health Organization under the Global Environment Fund to share the successful experience of Mexico through SMOC to phase out DDT with the countries of Central America.
- **Pollutant Release and Transfer Inventory**: The CEC has provided support to Mexico in the development of RETC. Discussions are underway to work with the Mexican chemical manufacturing association, ANIC, in strengthening capacity in the private sector with regards to develop a pollutant release and transfer report.

- **Pollution Prevention:** The CEC worked with the Confederation of Industrial Associations of the United Mexican States (*Confederación de Cámaras Industriales*—Concamin) to establish a pollution prevention fund for small and medium-size Mexican enterprises (SMEs). The CEC has provided \$350,000 and Concamin \$650,000 to fund the *Fondo para proyectos de prevención de la contaminación*—Fiprev, a revolving fund for SMEs. Fiprev has provided 40 loans to SMEs, enabling SMEs to incorporate pollution prevention technologies into their practices and resulting in measurable reductions in wastes, and energy and water use.

The CEC has also worked with the Mexican Center for Clean Technology to establish a pollution prevention roundtable, bringing business, research and technology institutes and governments together to strengthen institutions and programs for pollution prevention.

- **Network of Air Experts:** The CEC is working with the Government of Mexico to develop a core team of experts on air pollution and research staff with a view to having a ‘single point of communication’ within Mexico that can work with similar networks at the international level
- **Wildlife Enforcement:** The CEC has worked with the North American Wildlife Enforcement Group to sponsor annual training sessions on various aspects of CITES enforcement, targeting trade in fur-bearing species, birds, reptiles, corals and marine invertebrates as well as trophy species. In addition, the CEC has contributed to organizing two international wildlife forensic seminars, which enable forensic experts and enforcement program managers to share valuable information, and has published two information brochures on forensic techniques, which have been widely distributed among the North American wildlife enforcement agencies.

The CEC is currently organizing a training seminar on enforcement issues regarding illegal traffic in ozone-depleting substances. This will involve officers from enforcement and customs agencies in all three countries.

Challenges:

A major challenge in achieving North American environmental progress is the lack of financial, technical and institutional resources available, particularly in Mexico. There can be no doubt that Mexico requires financial support and technical assistance to carry-out its environmental objectives and participate fully in North American cooperation.

While the Commission has taken into account capacity building needs of Mexico in its work, the resources available from its annual budget are not sufficient to make a significant contribution on its own. The Commission, therefore, has adopted a policy of allocating specific substantial resources for leveraging of other resources. For example, it has leveraged US\$100,000 to leverage US\$330,000 from the Global Environment Fund, \$100,000 (in kind) from the Pan American Health Organization (PAHO) for a joint project on DDT phase-out with PAHO and the governments of Mexico and Central America. It is hoped that the next phase of this initiative will allow the Commission to use US\$200,000 to leverage approximately US\$15 million. Limited but valuable opportunities for leveraging such as this exist for other areas.

The experience of the Commission in capacity building suggests that Mexico’s status as an OECD member limits the amount of grant money available to it from international agencies. While the Global Environment Fund remains an important source, it cannot be the only one. This leads the Commission to pursue the following strategies:

Access resources from multilateral agencies through projects that transfer Mexico’s environmental successes to other parts of the hemisphere.

Identify and approach financial mechanisms under international conventions, such as the POPs fund established by Canada.

Identify ways in which changes to NADBank’s mandate can help make NADBank financing available for Mexican initiatives undertaken under NAAEC.

Explore market-based instruments.

Explore cross-border private sector partnerships.

Explore possibilities of greater collaboration with USAID and CIDA programs.

Strive for synergy in work by collaborating with other international agencies.

The Commission can play an important role as a catalyst for capacity building, involving building technical and official consensus on priorities, brokering partnerships, and project definition and preparation.

10 NAFEC

The North American Fund for Environmental Cooperation (NAFEC) has awarded 142 grants to community-based projects since 1996. A new round of grants will be announced in early summer 2001. The grants for 2001 will focus on two areas of CEC's work: (1) Marine Protected Areas and (2) Children's Health and the Environment.

NAFEC has increased its efforts to promote networking and exchange among its grantees and other nongovernmental organizations involved in projects related to the CEC's work. In 2000, it brought nongovernmental organizations involved in pollutant release and transfer registers (PRTRs) and environmental management systems (EMS) together with government and industry in order to develop approaches that would satisfy all the stakeholders. NAFEC has also continued to build on its considerable work in supporting community-based approaches to trade in green goods and services, promoting exchange among communities involved in sustainable tourism and sustainable agriculture, and bringing their experiences to bear on other CEC projects.

NAFEC has also increased its collaboration with other grantmakers in efforts to expand and combine resources in support of cross-border initiatives, projects related to trade and environment (including promoting green goods and services) and channeling additional resources to work in Mexico. Collaboration with CEC's Financing and the Environment project is permitting exploration of the potential for green investment to leverage NAFEC's resources.

As the NAFEC evaluation carried out in 2000 indicated, NAFEC plays an important role in enhancing public participation in the work of the CEC. It provides funding as well as other types of support (e.g., technical assistance, facilitating networking and information sharing) that strengthen the capacity of organizations that contribute to meeting CEC's objectives. It also serves as an entry point to other CEC processes. NAFEC is putting increasing emphasis on using its information base and networking capacity to enhance public participation in all of CEC's activities.

11 2002–2004 Program Outline and Approval Process for the Three-year Program Plan

The Secretariat has developed the Outline for 2002–2004 to stimulate discussion and feedback from the Parties, JPAC and the public in the development of the 2002–2004 proposed Program Plan and Budget. The guidance received by the Secretariat will be incorporated, and the document will be submitted to the Parties for review and approval in early September.

12 Monitoring and Evaluation of Projects

The methodology for evaluation has been finalized and is currently being applied to a results-oriented logical framework, as well as to the preparation of a reporting document for all programs. Once this step is completed, the terms of reference for the evaluations will be prepared, and independent evaluators will be contracted. It is expected that initial evaluation reports will be available for a number of units prior to the end of 2001.

A continuous monitoring system is also operational. The Online Manager (OLM) will allow us to track all project-related progress in 2001 and beyond and will facilitate preparation of a number of reports.

13 Communications and Outreach

In October 2000, the Commission launched *Trio*, a new quarterly newsletter designed to update readers on the progress of the NAFTA partners in the protection of their shared environment. CEC-related news is revealed through stories told by a variety of voices from across the CEC community. *Trio* was published in the fall and winter 2000, spring 2001 and summer (June) 2001. The newsletter is made available in both a hard-copy (print) edition and a special Internet edition.

The CEC is exploring ways to make better use of information and communications technologies to enable greater access to its work. In October, the CEC produced its first live audio web-cast for its symposium on "Understanding

the Linkages between Trade and Environment.” People unable to attend the event in Washington were able to monitor the presentations and discussions in all three languages, in real time through their own computers, as well as download documents, see photos of speakers, and read journalistic summaries of the two-day event provided by the International Institute for Sustainable Development (IISD).

As well, the July launch of *Taking Stock 1998* will be handled for the first time by the release of a summary volume intended for widespread distribution, a more detailed sourcebook, and a web site where users can customize their own data searches.

**EIGHTH REGULAR SESSION OF THE COUNCIL
OF THE COMMISSION FOR ENVIRONMENTAL COOPERATION (CEC)**

28–29 June 2001

Guadalajara, Jalisco, Mexico

AGENDA

Chair: Victor Lichtinger, Mexico

THURSDAY, 28 JUNE 2001

8:00 – 9:10 Joint meeting with JPAC (in-camera)

Opening of the meeting by the Chair (10 min.)

Item 1 Joint meeting with JPAC (1 hr.)

Item 1.1 Follow-up to Council Resolution 00-09: Matters related to Articles 14 and 15 (20 min.)

Item 1.2 Report from the JPAC round tables on Opportunities for Enhancing North American Environmental Cooperation (20 min.)

Item 1.3 Update on JPAC Advice and activities (20 min.)

9:00 – 9:30 Break

9:30 – 10:15 Opening of the 8th Regular Session of the Council (public)

Item 2 Opening of the Session by the Chair and report by the Executive Director (45 min.)

10:15 – 10:30 Break

10:30 – 16:00 In-camera session (with working lunch)

Item 3 Opening of the in-camera session and adoption of the agenda

Item 4 Opportunities and challenges for North American environmental cooperation: Strategic directions and priorities (5 hours and 30 min., including summary by rapporteur and wrap-up)

Item 4.1 Environmental information for enhanced cooperation

Item 4.2 Market-based approaches to environmental stewardship in North America

Item 4.3 Regional cooperation for the implementation of global agreements

Item 4.4 Capacity building for a stronger environmental partnership

Item 4.5 Building partnerships and strategic linkages for pursuing sustainability in the North American economy

16:00 – 16:30 Break

16:30 – 18:30 In camera session (continued)

Item 5 Enhancing public participation (1 hr.)

Item 6 Finalization of Council Resolutions and communiqué (30 min.)

Item 7 Preparation for the public portion of the Session (30 min.)

FRIDAY, 29 JUNE 2001

7:30 – 8:30 Joint meeting with JPAC (working breakfast)

Item 8 Joint meeting with JPAC (1 hr)

Item 8.1 Report on JPAC workshop on Green Goods and Services

Item 8.2 JPAC Lessons Learned report on Articles 14 and 15

Item 8.3 JPAC Advice and guidance from Council to JPAC

8:30 – 8:45 Break

8:45 – 11:00 Public session

Item 9 Public plenary discussion (2 hrs.)

11:00 – 11:15 Break

11:15 – 11:50 In-camera session

Item 10 Preparation for press conference (30 min.)

Item 11 Concluding remarks and closure of the Session (5 min.)

11:50 – 12:00 Break

12:00 – 12:45 Press conference (45 min.)

12:45 End of official program

**2001 REGULAR SESSION OF THE COUNCIL
Annotations to the agenda**

Item 1 Joint meeting with JPAC

In accordance with the Council's decision, made at its 1998 Regular Session, the Council will meet in private with JPAC members. The Council will meet again with JPAC before its regular session is adjourned. The Chair will open the meeting and JPAC will report on the following issues:

Item 1.1 Follow-up to Council Resolution 00-09: Matters related to Articles 14 and 15 (20 min.)

Lessons learned from the history of citizen submissions under Articles 14 and 15 of NAAEC

Pursuant to Council Resolution 00-09, JPAC conducted a public review of issues concerning the implementation and further elaboration of Articles 14 and 15 of NAAEC, which were referred to JPAC by the Council in a memorandum dated 13 October 2000. JPAC will present its final report, which outlines the lessons learned from the public history of citizen submissions and identifies both the strengths and weaknesses of the Articles 14 and 15 process. The report also suggests practical suggestions to make the Articles 14 and 15 process more timely, open, equitable and effective.

The Council may wish to thank JPAC for its work and provide preliminary views on the report. This issue will be revisited during the second portion of the Council's joint meeting with JPAC, which follows the next day.

In addition, on 12 June 2000, the Council established a public review process for issues concerning the implementation and further elaboration of Articles 14 and 15. Council Resolution 00-09 designated JPAC as the entity that would conduct the public review and provide advice to Council on how the issues might be addressed. JPAC will brief the Council on the "JPAC Public Review of Issues Concerning the Implementation and Further Elaboration of Articles 14 and 15."

DOCUMENT(S):

- a) Lessons Learned—Citizen Submissions under Articles 14 and 15 of NAAEC
- b) Secretariat's analysis of the main conclusions in the JPAC report
- c) Secretariat chart showing the aggregate time it has taken to process each submission filed to date
- d) Secretariat chart showing the average time taken to process submissions filed before and after the creation of the SEM Unit
- e) Report from the workshop on lessons learned related to Articles 14 and 15
- f) JPAC Public Review of Issues Concerning the Implementation and Further Elaboration of Articles 14 and 15
- g) Referral memorandum to JPAC pursuant to paragraph 5(b) of Council Resolution 00-09, dated 13 October 2000
- h) Council Resolution 00-09: Matters related to Articles 14 and 15 of the Agreement

Item 1.2 Report from the JPAC round tables on Opportunities for Enhancing North American Environmental Cooperation (20 min.)

JPAC will brief the Council on the input received from the public during the four round tables held the previous day on the following subjects:

- Managing Pollutants in North America
- Conservation of Biodiversity
- North American Trade and Transportation Corridors
- Management of Renewable Resources

The Council may wish to take into consideration, for its discussion on strategic directions, the input received from the public during the round tables.

DOCUMENT(S):

- a) Follow-up from the JPAC plenary sessions with the public in 2000
- b) Concept papers in support of the JPAC round tables and workshop

J/01-00/RPT/02

Item 1.3 Update on JPAC Advice and activities (20 min.)

In closing, JPAC will present its latest advice to Council, and provide information on the following upcoming JPAC activities:

- Joint JPAC/SMOC meeting in September
- Participation in the symposium on the evolving North American electricity market and the environment.
- Request from JPAC to hold a joint meeting with trade and environment officials on Article 10(6) in March 2002.

DOCUMENT(S):

- a) JPAC Advice 01-01: North American Trade and Transportation Corridors
- b) JPAC Advice 01-02: Free Trade Area of the Americas Agreement (FTAA)
- c) JPAC Advice 01-03: Protection from the Spread of Communicable Diseases
- d) JPAC work plan and working groups for 2001
- e) Letter to the Alternate Representatives relating to a joint meeting with the Trade and Environment Officials on Article 10(6), dated 9 February 2001
- f) Letter dated 18 June from JPAC Chair to Alternate Representatives re: proposed public meeting on NAAEC Article 10(6) in March 2002
- g) JPAC members resumes
- h) JPAC attendance report

Item 2 Opening of the 8th Regular Session of the Council and report by the Executive Director

The Chair will make opening remarks and invite his Canadian and United States counterparts to address the public.

Under this item, the Executive Director will briefly address the Council and present them with a written report on significant initiatives undertaken by the Commission (*Council Rules of Procedure (R. 5.3)*).

DOCUMENT(S):

- a) Program of public events as of 20 June 2001 C/01-00/PROG/02/Rev.5
- b) Executive Director's report to Council and annexes

Item 3 Opening of in-camera session and adoption of the agenda

The Council shall adopt the agenda based on the provisional annotated agenda (*Rule 9.6 of Council Rules of Procedure*). The Chair may wish to set out the objectives for the meeting and indicate how he intends to handle the discussions.

DOCUMENTS:

- a) Provisional annotated agenda C/01-00/AGEN/01/Rev.7
- b) General program for the Session and side events C/01-00/PROG/01/Rev.5

Item 4 Opportunities and challenges for North American environmental cooperation: Strategic directions and priorities

Building on the legacy from the last five years, Council has the opportunity to take a fresh look at the role of the Commission in supporting the further integration of our economies. It can identify environmental initiatives and set priorities that can help contribute to the building of a sustainable North American community.

The Executive Director will present highlights of key accomplishments of the Commission since Council adopted A

Shared Agenda for Action at its 1998 Regular Session in Mérida. This presentation will provide a comprehensive update on a broader range of initiatives. It may serve as a basis for the Council's discussion as it reviews opportunities and challenges facing the Commission in its discussion on strategic directions for the Commission. The Executive Director may also wish to note the most significant challenges confronted by the Commission over the last few years, together with some general recommendations for surmounting these obstacles.

The Council may pull together important elements it has identified as priorities for North American environmental cooperation in the course of its discussion. In a joint communiqué, Council can outline strategic directions for the Commission in addressing the environmental challenges and opportunities presented by a deeper integration of the North American economy. It may identify areas where the Commission can be strengthened and priorities on which it should focus in the context of a stronger North American partnership and community. The conclusions of the Council's discussion will be summarized by a rapporteur and will be followed by a wrap-up discussion.

Context: Canada, Mexico and the United States, through NAFTA and the North American Agreement for Environmental Cooperation (NAAEC), have committed themselves to the pursuit of prosperity through open markets, economic integration and sustainable development. The newly elected governments have set out as a common goal the strengthening of continental links with a view towards a North American community.

The increased movement of goods, investment and information within North America offers potential environmental benefits. Trade can help distribute environmentally beneficial products and technologies, from shade-grown coffee to pollution control equipment. The transfer of new communications technologies can provide people with information to create an informed and active community to protect the environment.

While North America has made important progress in environmental protection and conserving natural resources, increased economic activity, transportation of goods, and population can place additional stress on ecosystems and natural resources. Key environmental concerns in North America include the long-range transport of atmospheric pollutants, hazardous wastes, the quality of air and water, the depletion of natural resources, invasive species and the loss of wildlife.

North American environmental cooperation is essential to address regional environmental issues. Developing compatible policy approaches is becoming increasingly important as the Canadian, Mexican and US economies become more integrated. The need exists for putting in place key environmental management systems at a North American scale. A more integrated economy also provides opportunities for employing economic incentives and financial instruments, as well as joining private, public and nonprofit sectors in productive partnerships for North American environmental cooperation.

DOCUMENT(S):

- a) Secretariat Note re: Setting new strategic directions and priorities C/01-00/BACK/01/Rev.1
- b) Progress update on the implementation of *A Shared Agenda for Action*, adopted by Council in 1998 (slide presentation)
- c) Draft session communiqué
- d) 2002–2004 program outline

Item 4.1 Environmental information for enhanced cooperation

Mutually supportive environmental policies and approaches can, in certain areas, improve regional environmental outcomes. Before steps can be taken to achieve these benefits and maintain high regional environmental standards, environmental systems across boundary lines must be able to communicate with one another or "speak the same language." In addition to providing a solid foundation for evaluating the effectiveness and efficiency of programs and policies, comparable environmental information is often a prerequisite to performing essential diagnostic functions such as modeling and assessment.

Air Quality and Pollutant Releases and Transfer Inventories

Air pollution episodes are regional and transboundary in nature—characteristics that underscore our need for

comparable air quality information. Toward this end, an initiative has been launched to develop a trilateral inventory for criteria air pollutants. Such information is critical to the use of atmospheric models used to inform national programs and strategies.

Similarly, by making compatible the information provided to the public in the annual *Taking Stock* report, the CEC has played a major role in providing a North American glimpse of pollutant releases and transfers. The compilation makes North America a leader among the OECD members in pollutant inventory development and the integration and use of such information regionally. As an ever-increasing number of countries around the world look to PRTRs as practical tools for promoting pollution reduction and public access to information, North America is well-placed to play a leadership role.

Environment, Trade and Economy Linkages and Emerging Trends

Comparable information is an essential component of current efforts to assess the environmental effects of trade agreements as well as to identify and assess future environmental trends. A number of participants at the CEC's *First North American Symposium on Assessing the Linkages between Trade and Environment* commented on the pervasive lack of reliable, comparable data on relevant environmental indicators. Progress in this area will facilitate the analysis of key trade and environment linkages and should assist the Parties to strive towards more comparable environmental assessments of trade agreements.

The CEC has developed a number of online databases to help address comparability needs. To date, the CEC has developed databases on comparative environmental law, sustainable tourism, "green electricity," and demand-side efficiency characteristics relating to specific office products.

In addition, the Secretariat is hosting a symposium on the Environmental Challenges and Opportunities of the Evolving Continental Electricity Market, in San Diego, California, 29–30 November 2001. Key stakeholders from NGOs, industry and governments from each of the three countries will examine and discuss relevant issues facing electricity and the environment.

Points for discussion:

- How can the three countries build on the work of the OECD to develop and adopt indicators to measure environmental progress in North America?
- How can the CEC adopt a more strategic approach to continue improving its information-based initiatives, such as NABIN and the PRTR project?
- How can the Commission's work better support three countries by identifying policy options?
- How can the CEC address critical environmental information gaps—including environmental indicators—to support robust analyses of environment, economy and trade linkages?

Item 4.2 Market-based approaches to environmental stewardship in North America

Investments in environmental protection can enhance and strengthen the economy by helping to achieve efficiencies and predictability, and reduce economic costs caused by environmental degradation. Also, the market can provide opportunities for conserving biodiversity and protecting the environment. Market-based instruments, such as the reform of environmentally harmful subsidies, tradable permits, information schemes (e.g., eco-labels and certification), and taxes, charges and fees, can complement regulatory instruments to achieve the desired environmental objectives in a cost-effective manner.

In the past few years, the Commission has gained considerable experience in the area of Green Goods and Services, exploring ways to harness the power of markets to improve environmental performance and support the conservation of biodiversity.

The Commission continues to identify lessons learned from the series of pilot projects on green goods and services. The purpose of these actions is two-fold: (a) to extract from specific products and services some general observations about green markets; and (b) to identify concrete steps for governments to provide a supportive policy framework for green markets. To date, the CEC has undertaken a series of actions covering shade-grown coffee,

sustainable tourism, palm, renewable electricity, as well as more general views of the private sector in relation to green markets.

This work includes:

- a) the establishment (and updating) of a clearinghouse of information for environmental labeling and certification schemes, covering tourism, green electricity, office products and coffee;
- b) identifying financing opportunities in the green goods and services sector. Work thus far has concentrated on identifying investment opportunities for Mexico's small and medium-size enterprises in the climate agenda;
- c) examining investment opportunities for shade-grown agricultural produce; and
- d) comparing how financial markets examine environmental information in Canada, Mexico and the United States.

The Secretariat is also examining opportunities for carbon mitigation, energy efficiency and renewables under the auspices of the Framework Convention on Climate Change.

The Commission has contributed important analytical work to help identify the challenges and opportunities for marketing shade-grown products (especially coffee) and has become a key information broker between producers, retailers and financial markets to help ensure that the concerns and needs of each group are understood, and hopefully addressed. Additionally, the Commission is examining financial mechanisms and public policy measures to take advantage of the opportunity that shade-grown agricultural products represent.

DOCUMENT(S):

- a) Financing and the Environment: Investment Opportunities, the Climate Agenda, and Small and Medium-size Companies in Mexico
- b) Note from the Secretariat on lessons learned from the work of the CEC on Environmental Goods and Services

Points for discussion:

- How can the Commission better promote the use of market-based approaches, (including green goods and services) and the use of economic instruments such as ecolabeling and certification, cross-boundary emissions trading schemes, performance incentives and others?
- What specific measures could be taken to develop a more supportive policy framework for green goods and services including for example the removal of perverse subsidies, reforming selective customs practices, establishing and/or supporting green funds, "green" procurement policies and developing information to support the expansion of sustainable markets?
- What kind of market based measures should the Commission facilitate to help foster public and private sector partnerships; including for example carbon mitigation opportunities, pollution prevention, energy efficiency and renewable energy?
- What can the Commission do to help promote transparency, innovation and choices so that the North American market becomes a catalyst for sustainability?

Item 4.3 Regional Cooperation for the implementation of global agreements

Canada, Mexico and the United States are members of a number of multilateral agreements. Regional implementation of these agreements can provide opportunities for sharing of information and experiences and collaboration. Areas where the three countries have worked together in implementation of global agreements include: the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); reducing land-based sources of marine pollution (Gulf of Maine and Bight of the Californias); exploring opportunities for North American cooperation in market-based mechanisms related to the Framework Convention on Climate Change; cooperation on reducing/phasing-out organic pollutants, including DDT and chlordane; and transboundary pilot initiatives related to giving North America a head start in implementing the POPs Convention.

Sound Management of Chemicals

Sound Management of Chemicals is an outstanding example of how the CEC can accelerate the implementation of a global initiative. The Sound Management of Chemicals (SMOC) program was launched in 1995 to give governments a trilateral forum to deal with chemicals of mutual concern in a cooperative and coordinated fashion. To date, priority attention has been given to persistent and bioaccumulative toxic chemicals. North American Regional Action Plans (NARAPs) have been prepared and action taken to address DDT, chlordane, PCBs, and mercury. Of particular note is the fact that based on the commitments in the DDT NARAP, Mexico moved in a very careful and deliberate fashion to phase out the use of DDT and have now instituted other means to control the threat of malaria. The chlordane NARAP is now also coming to a successful conclusion. A NARAP is in preparation to deal with dioxins, furans and hexachlorobenzene as a cluster of chemicals. Another new NARAP under development concerns monitoring and assessment of SMOC chemicals in North America. Lindane and lead are currently being examined by experts in the three countries to ascertain whether further trilateral action is needed on these substances.

The Commission is working with Mexico to share experience on the phasing out of DDT with Central America. This is being supported by the Global Environment Facility (GEF).

Under the auspices of UNEP, a persistent organic pollutants (POPs) treaty was successfully concluded in 2001. The actions noted above deal with many of the POPs that will be covered by the treaty—thus putting North America in a position of leadership in tackling this major global threat. UNEP has recognized these efforts and has invited the Commission to enter into a memorandum of understanding to share our work with other regions of the globe.

There is increasing focus being put on the "end of the lifecycle" of chemicals because many of them become hazardous wastes. For example, both the PCB and mercury NARAP are examining proper disposal or destruction methods. In the recently signed POPs convention there are special provisions for the safe storage and destruction of POPs which will need to be implemented. These aspects can be examined under the SMOC initiative. The latest OECD Council Decision calls for improved mechanisms to track international movements of hazardous wastes. Under the Basel Convention, there is a call for the development of Environmentally Sound Management (ESM) provisions to ensure that hazardous wastes subject to international movements are properly treated or destroyed. Public attention has been called to the increasing trade of hazardous wastes in North America in general. This may require closer policy scrutiny from the perspective of developing North American-based ESM requirements to ensure that there is no inconsistency in environmental standards that would lead to 'pollution havens.' In addition there is an opportunity to examine policy instruments to divert hazardous wastes out of the wastestream and into reuse or recycling or pollution prevention approaches that avoid the creation of hazardous wastes.

DOCUMENT(S):

- a) JPAC Advice 00-06: A North American Regional Action Plan for Lead

Points for discussion:

- The Council may wish to discuss its leadership role in implementing the global treaty on POPs in North America by supporting the current and future work under the Commission's Sound Management of Chemicals program and to develop concrete initiatives to address late-stage lifecycle issues, including the cross boundary transport, tracking, and disposal of hazardous wastes.
- The Council may discuss how the Commission could contribute to preparations for the Pan American Health Organization (PAHO)/UNEP-convened joint hemispheric meeting of the ministers of environment and ministers of health as a follow-up to the meeting of the ministers of the Americas. This meeting will help the countries take stock of progress achieved, identify priority areas for renewed emphasis and cooperative initiatives, and explore ways of moving the environmental health agenda forward in the Americas and globally. With a view to contributing to Rio+10, Council could agree to take joint action with their Central American counterparts in phasing out DDT from Panama to Alaska. The final proposal for the Global Environmental Facility (GEF) will be ready in August 2001.

Item 4.4 Capacity building for a stronger environmental partnership

Investment in high levels of environmental protection and effective enforcement of environmental laws will help countries to come to terms with any environmental challenges raised by liberalized trade. While Canada and the

United States have technical and financial resources to build stronger environmental infrastructure, institutions and progress, the resources available to Mexico are more limited. The Commission has undertaken efforts to strengthen the capacity of government, business and NGOs in specific program areas, such as the Sound Management of Chemicals (SMOC), PRTR, Pollution Prevention, Air, and Wildlife Enforcement. The focus of the Commission's capacity building efforts are centered around institution building, policy framework and instruments, environmental analysis, information, financial and human resources, and stakeholders and public involvement.

Mexico's status as an OECD member limits the amount of grant money available to it from international agencies. While GEF remains an important source, it cannot be the only one. This leads the Commission to pursue the following strategies:

- Access resources from multilateral agencies through projects that transfer Mexico's environmental successes to other parts of the hemisphere. For example, it has invested US\$100,000 to leverage US\$330,000 from GEF, US\$100,000 (in kind) from the PAHO for a joint project on DDT-phase out with PAHO and the governments of Mexico and Central America. It is hoped that the next phase of this initiative will allow the Commission to use US\$200,000 to leverage approximately US\$15 million.
- Identify and approach financial mechanisms under international conventions, such as the POPs fund established by Canada.
- Explore ways of strengthening partnerships with public finance institutions, including NADBANK, in support of cooperative environmental initiatives.
- Explore cross-border private sector partnerships.
- Strive for synergy in work by collaborating with other international agencies and charitable organizations.

The Commission can play an important role as a catalyst for capacity building, involving building technical and official consensus on priorities, brokering partnerships, and project definition and preparation.

Points for discussion:

- The Council may wish to identify key priorities for capacity building and technical assistance for domestic initiatives that support North American priorities and discuss ways in which the Commission can best leverage resources from other organizations and agencies.
- How can the CEC find new ways to leverage private sector resources?
- Council may wish to explore opportunities for reviewing arrangements with institutions such as NADBank, CIDA, IDRC, USAID and others to identify funding opportunities in support of North American environmental initiatives.

Item 4.5 Building partnerships and strategic linkages for pursuing sustainability in the North American economy

Pursuing environmental sustainability in North America through open markets requires partnerships among business, civil society and government. Farmers, consumers, businesses, land owners, investors, citizens among others hold the key to actualizing sustainable economic development. North America is moving beyond stakeholder dialogues to acting together to achieve environmental progress.

Partnerships for sustainable development are built on common goals, recognition of potential contributions, and mechanisms for measuring communication and involvement, and rewards. Partnerships are particularly important in the development of market-based approaches to environmental protection.

The goal of sustainable development can be successfully pursued by focusing on tools and policies that link

environmental goals with economic goals. This means establishing cooperation and collaboration with economic and sectoral authorities. The Commission's mandate to facilitate cooperation in the interface of environment, economy and trade requires developing strategic links with ministries and agencies in other sectors. Developing strategic links with these are critical for the success of North American environmental cooperation in a sustainable development context. In the current work of the CEC, cooperation and partnerships are necessary with those ministries and authorities dealing with health, trade, industry, transportation, and energy, among others.

Conserving our biodiversity wealth

North America supports some of the most diverse marine and land ecosystems on earth. Mexico alone stands out among all countries of the world for the megadiversity of species, ecosystems and endemisms present in its territory. The problems confronting the North American region are, however, as vast as its wealth of life forms: threats to biodiversity and to the health of North American ecosystems put both at risk for current and future generations. Although most problems affecting the North American environment are on the national level, certain others are shared by two of the three countries, and the effects and consequences of some of them have the potential to affect the entire continent.

The Commission has built important partnerships with domestic wildlife agencies, conservation organizations, universities and community groups. Some examples include the North American Bird Conservation Initiative (NABCI) and the North American Biodiversity Information Network (NABIN). In order to ground the Commission's partnership work and provide it with a strategic context, the Secretariat has developed a draft long-term strategy for addressing biodiversity challenges in North America. With the active involvement of private and public stakeholders, the strategy hopes to build on previous work of the Commission. It offers direction for the Commission in its work on biodiversity to help ensure more effective and efficient conservation initiatives.

North American Trade and Transportation Corridors

Trade is booming in North America. As regional commerce accelerates, so too does the flow of goods and services flowing through North America trade arteries—on land, by air and over water. The movement of goods, services and information through the North American system is influenced, and often constrained, by a host of physical and administrative factors. Cars and trucks idle for hours at borders, surface traffic is slowed by inefficient routing or other bottlenecks, and direct rail routes are increasingly difficult to find.

In September 1999, the Commission performed initial scoping work, resulting in the preparation of *North American Trade and Trade Transportation Corridors*. The report identified the most significant projects, participating agencies, and current level of coordination associated with North American transportation corridors. In 2000, the Commission sponsored a study by ICF Consulting to look at potential environmental impacts from increased trade along five corridor segments in North America—two crossing the Mexico-US border and three crossing the Canada-US border. The work by ICF led to a presentation of the study at a workshop sponsored by the Commission in Winnipeg, Manitoba, on 15 March 2001. At the workshop, the United States proposed a ground-base freight initiative that could be expanded to North America.

Energy

The North American Leaders' Statement, issued after the meeting of Canada's Prime Minister Jean Chrétien, Mexico's President Vicente Fox and US President Bush, in Quebec City, 22 April, states that "...our energy ministers have created a North American Energy Working Group to foster communication and coordination in support of efficient North American energy markets." The leaders stressed the importance of addressing the environmental dimensions of energy use. An issue to consider is the role, if any, of the North American environment ministers and/or the Commission in assessing and addressing environmental impacts of North American energy use.

In November 1999, under Article 13 of NAAEC, the Secretariat began to examine the environmental opportunities and challenges associated with electricity restructuring in North America. In January 2001, the first meeting of the Advisory Group on Electricity and the Environment took place, bringing senior representatives of the utilities sector together with environmental and regulatory experts. The advisory group, chaired by the Hon. Phil Sharp is advising the Secretariat in the development of the initiative on Electricity and the Environment. A report will address the environmental opportunities and challenges facing the evolving continental electricity market, including demand-side efficiency and incentives—two main issues identified by the advisory group during the meeting. The final report is to

be provided to Council in early 2002, at which time Council may consider making recommendations.

Children's Health and the Environment

Children, because of their development and rapid growth, and their unique behaviors are more vulnerable than adults. In June 2000, the Council issued Resolution 00-10 on Children's Health and the Environment. The Resolution calls for the development of a cooperative North American agenda to protect children from environmental threats and other actions to promote information exchange and incorporate a perspective on children's health and the environment into existing projects of the Commission. Council also called for the formation of an expert advisory board to advise it on matters of children's health and the environment. The formation of this board will be publicly announced at the June Ministerial.

DOCUMENT(S):

- a) JPAC Advice 00-01: Strategic Directions for the Conservation of Biodiversity
- b) Discussion paper on North American Trade and Transportation Corridors: Environmental Impacts and Mitigation Strategies
- c) JPAC Advice 01-01: North American Trade and Transportation Corridors
- d) Secretariat Interim Note on Status of Article 13 Secretariat report on Environmental Challenges and Opportunities of the Evolving Continental Electricity Market.
- e) JPAC Advice 00-05: Children's Health and the Environment

Points for discussion:

- How can the Commission improve cooperation and communication with NGOs and local government through a working group, build on existing networks and information databases currently supported by the Commission, and endorse the concept of regionally based, biologically driven, landscape-oriented partnerships?
- What kind of incentives to help foster public-private sector partnerships, especially those that support increased private sector financing in the environment, can the CEC help promote?
- How can the Council better facilitate partnerships and strategic links with economic and sectoral ministries including consideration of areas of discussion (i.e., green goods and services) for a possible joint Ministerial meeting?
- What role should the CEC play in addressing sectoral environmental issues arising from deeper economic integration, including for example the areas of energy, transportation and climate change?
- How can the Commission be part of a process for strengthening and promoting a more effective system of international environmental institutions and coordination, as identified by UNEP's Governing Council decision 21/21?
- Are there any common themes or messages on the North American experience in regional environmental cooperation to provide in the preparatory work leading up to the United Nations Summit on Sustainable Development (Rio+10) to be held in 2002, for example does the CEC have important lessons to share on understanding key trade and environment linkages for a wider hemispheric and global audience?
- The Council may want to reaffirm its commitment to working together as partners to develop a cooperative agenda to protect children from environmental threats and to discuss next steps, building on the outcomes of the national workshop in Mexico (21–22 June) and leading up to the trilateral event to be held in October 2001.

Item 5 Enhancing public participation

Public participation and transparency are core values and are reflected in both the design and operation of the Commission. An active and engaged JPAC, as well as domestic advisory committees (including both National and Governmental Advisory Committees), are successful in facilitating public discussion and input on various issues and have played important roles in providing valuable advice to Council and ministers, respectively. The citizen

submission process under Article 14 helps contribute to a better understanding of effective enforcement, and promotes North American values of openness, transparency, and accountability at all levels of government. As well, the Commission facilitates the development of environmental information and public access to that information. Most projects of the Commission actively engage members of civil society and the private sector. Civil society encompasses a broad spectrum of players, from trade unions to farmers' and women's organizations, local NGOs, community-based groups and youth. Altogether, the citizen submission process, initiatives of the Commission that provide greater access to environmental information, public participation through JPAC, the National and Governmental Advisory Committees (NAC/GAC), and the involvement of members from the public in various initiatives of the Commission, help contribute directly to promoting and strengthening the continent's three democracies.

Building on the conclusions of the JPAC Lessons Learned report relating to Citizen Submissions under Articles 14 and 15, the Council will discuss ways in which values of public participation, transparency, equity, efficiency and timeliness of the Articles 14 and 15 submission process can be strengthened.

Another area where the Commission has demonstrated its commitment to public transparency is under Article 10(6), which addresses areas of cooperation between the Commission and the NAFTA Free Trade Commission. Specifically, under Article 10(6)(a), guidelines were developed by the Parties specifying procedures for having the Council of the Commission act as a point of inquiry and receive public comments regarding the environmental goals and objectives of NAFTA. The Council may wish to consider ways of enhancing public transparency under Article 10(6), possibly through issuing other procedural clarifications beyond 10(6)a, such as in the area of avoiding trade disputes.

DOCUMENT(S): (refer to item 1.1)

- a) CEC Framework on Public Participation
- b) Lessons Learned—Citizen submissions under Articles 14 and 15 of NAAEC
- c) Secretariat's analysis of the main conclusions in the JPAC's report
- d) Secretariat chart showing the aggregate time it has taken to process each submission filed to date
- e) Secretariat chart showing the average time taken to process submissions filed before and after the creation of the SEM Unit
- f) Report from the workshop on lessons learned related to Articles 14 and 15
- g) JPAC Public Review of Issues Concerning the Implementation and Further Elaboration of Articles 14 and 15
- h) Referral memorandum to JPAC pursuant to paragraph 5(b) of Council Resolution 00-09 dated 13 October 2000
- i) Council Resolution 00-09: Matters related to Articles 14 and 15 of the Agreement

Points for discussion:

- The Council may wish to explore new tools or discuss ways of improving existing mechanisms of the Commission to facilitate more effective public participation and transparency in environmental decision-making within North America.
- The Council may wish to endorse the use of environmental indicators to assess the North American environment. These indicators would provide the basis for communicating to the public the status of the North American environment.
- The Council may wish to consider the role of JPAC in helping the three countries maximize knowledge, public education and participation, transparency and accountability.

Item 6 Finalization of Council Resolutions and communiqué

Under this item, the Council will review and approve, as appropriate, Council Resolutions adopted during and make final adjustments to the Session communiqué, to be released during the press conference.

DOCUMENT(S):

- a) Draft Council Resolution on Biodiversity Working Group

- b) Draft Council Resolution on Promoting Comparability of Criteria Air Pollutants
- c) Draft Council Resolution on the establishment of the Expert Advisory Board on Children's Health
- d) Draft Council Resolution on 2002 Funding of the Commission
- e) Draft Session communiqué

Item 7 Preparation for the public portion of the Session

The Council may wish to receive an overview from the Secretariat of the interventions submitted in writing by registered speakers and generally discuss Council's views on the topics to be raised by the public. The Chair may also review the format for the public session and provide a brief summary of key decisions reached by the Council thus far during their in-camera session.

DOCUMENT(S):

- a) Program of public events as of 20 June 2001 C/01-00/PROG/02/Rev.4
- b) List of registered participants as of 21-06-01 C/01-00/TOTAL
- c) List of registered speakers as of 22-06-01 and summaries of interventions C/01-00/LASTORAL
- d) List of recipients of financial assistance

Item 8 Joint meeting with JPAC

Item 8.1 Report on the JPAC workshop on Green Goods and Services (15 min.)

In the second portion of its joint meeting with the Council, JPAC will report on the results of the JPAC workshop on Green Goods and Services, held the previous day, in parallel with the Council Session.

Item 8.2 JPAC Lessons Learned report on Articles 14 and 15 (30 min.)

The Council may wish to use this opportunity to respond to the conclusions of the JPAC Lessons Learned report on Articles 14 and 15, and discuss ways in which values of openness, transparency, equity, efficiency and timeliness can be strengthened in the context of the Articles 14 and 15 and submission process.

Item 8.3 JPAC Advice and guidance from Council to JPAC (15 min.)

JPAC will also provide its Advice to Council on the Secretariat's proposed outline for the 2002–2004 CEC program plan.

The Council may wish to provide guidance to JPAC for activities aimed at strengthening the capacity building components of the Commission's programs.

As suggested by JPAC, the Council may wish to announce the date and venue of the next Regular Session of the Council, to be held in June 2002 in Canada.

DOCUMENT(S):

- a) Letter to Council from JPAC Chair dated 21 June 2001 re: Council session in 2002

Item 9 Public session

In accordance with its Rules of Procedure (R. 4.1), the Council will hold a meeting with the public. The public session will unfold as follows:

- Opening of the public session (15 min.)
 - Opening remarks by Victor Lichtinger, Mexican Secretary for Environment and Natural Resources
 - Introduction by Liette Vasseur, JPAC Chair
- Oral statements by pre-selected presenters on the following themes, followed by comments from the Council members (1 hour and 45 min.)

- Environment and Trade
 - Conservation of Biodiversity
 - Pollutants and Health
 - NAAEC Articles 13, 14 and 15; public awareness and education
- Closing of the public session (15 min.)
 - Closing remarks by Victor Lichtinger, Mexican Secretary for Environment and Natural Resources;
 - Janine Ferretti, Executive Director of the CEC
 - Christine Todd Whitman, Administrator, US Environmental Protection Agency
 - David Anderson, Canadian Minister of Environment

DOCUMENTS: (see item 7)

Item 10 Preparation for the press conference

Under this item, the Council may wish to review the arrangements for the press conference, as appropriate. The basic agenda for the press conference includes: a report by the Chair on proceedings, statements by the Canadian and United States Council members, and exchanges with media representatives.

DOCUMENTS:

- a) Final draft of Session communiqué

Item 11 Concluding remarks and closure of the Session

Under this item, the Chair of the Session may wish to make final announcements, acknowledge the contribution of participants and observe on the general conduct of the Session. The Chair is also expected to invite his counterparts to make final statements. As host country for the 2002 Regular Session of the Council, Canada may wish to propose a date and announce the venue. Prior to the official closure of the session, Council members will be invited to sign the Resolutions adopted by the Parties.



Commission for Environmental Cooperation

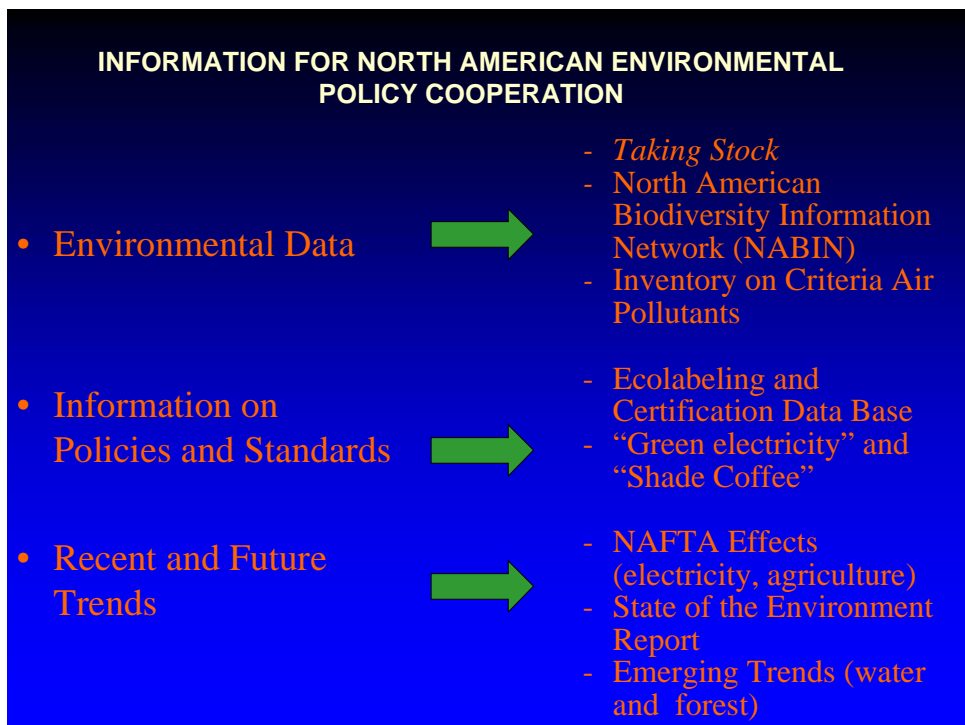
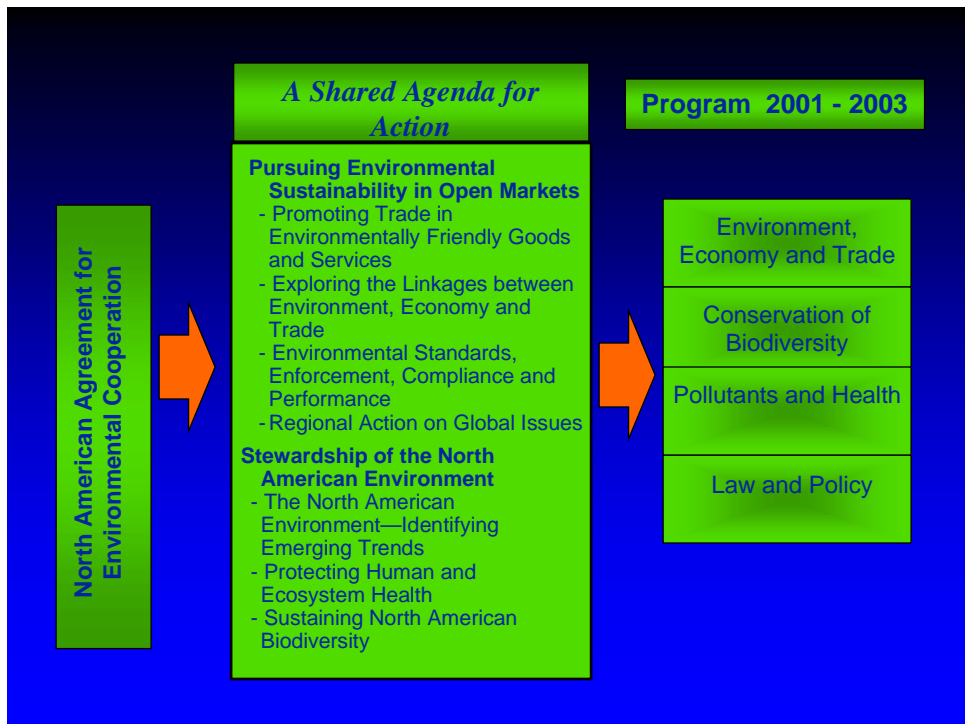
EIGHTH REGULAR SESSION OF THE COUNCIL

Progress Update on the Implementation of the Shared Agenda for Action

*Guadalajara, México
June 28, 2001*

The Commission for Environmental Cooperation is unique:

- North American
- addresses environmentally- related trade and economic issues
- promotes public participation and transparency
- environmental stewardship in the context of a North American economy



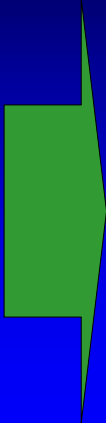
MARKET BASED APPROACHES TO ENVIRONMENTAL STEWARDSHIP

- Market analysis → - Consumer demand
- Information tools → - Defining criteria for green goods
- Labeling and certification
inventories
- Financing → - Shade Agriculture
- Pollution Prevention

Regional Cooperation for Implementation of Global Environmental Agreements

- | | | |
|--|---|--|
| • POPs Convention | → | • SMOG North American Regional Action Plan. |
| • Biodiversity Convention | → | • North American Biodiversity Information Network |
| • Convention on International Trade in Endangered Species (CITES) | → | • North American Wildlife Enforcement Group |
| • Global Program of Action on Land-Based Sources of Marine Pollution | → | • Gulf of Maine; Bight of the Californias |
| • Framework Convention on Climate Change | → | • Analysis of Potential for Greenhouse Gas Trading
• Investment opportunities in SMEs for CO2 reduction |

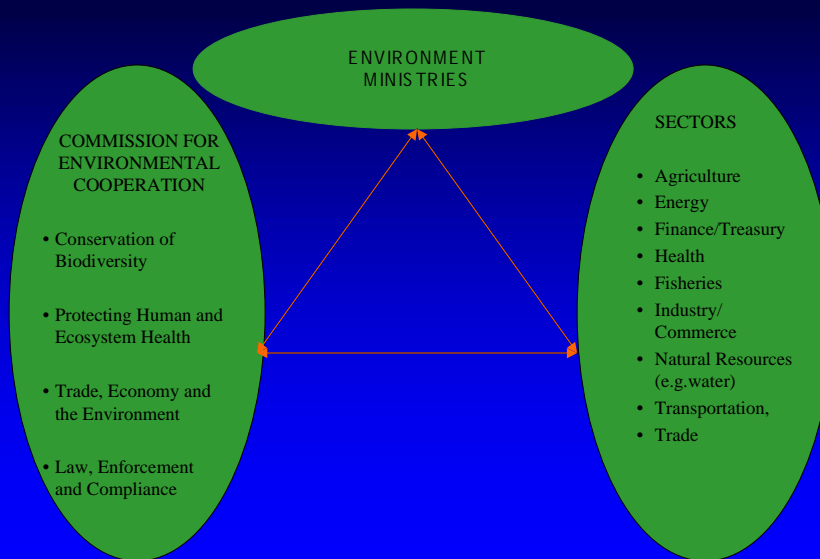
CAPACITY BUILDING

- Institutional Strengthening
 - Policy instruments
 - Information analysis
 - Human resource development
 - Technology transfer
 - Financial support
- 
- Mexican government agencies (federal and state)
 - Small and medium enterprises
 - Non-governmental organizations

CAPACITY BUILDING INITIATIVES

- | | |
|---|---|
| Sound Management of Chemicals | • <i>Technical, scientific and NARAP implementation</i> |
| Pollution Prevention | • <i>Fiprev and P² round table</i> |
| Pollutant Release and Transfer Registry | • <i>Voluntary reporting and NGO participation</i> |
| Biodiversity | • <i>Bird Conservation and Silva Reservoir</i> |
| Enforcement | • <i>Training and information exchange (NAWEG)</i> |

Strategic Linkages for Sustainable Development in North America



NEW CONTEXT

Leaders in Quebec City, April 2001 set out a new vision for North America:

- A strengthened North American Partnership
- A deepened sense of North American Community
- Focus on developing a North American approach to energy markets, including environmental considerations

FUTURE CHALLENGES AND OPPORTUNITIES

- Compatibility of environmental approaches

- Market-based mechanisms



- Energy
- Hazardous waste
- Transportation corridors
- Natural Resources (e.g. water, forests)

Guadalajara, 29 June 2001

COUNCIL RESOLUTION: 01-02

2002 Funding of the Commission for Environmental Cooperation

THE COUNCIL:

RECOGNIZING the importance of the *North American Agreement on Environmental Cooperation* in conserving, protecting and enhancing the environment;

ACKNOWLEDGING the importance of sustaining key cooperative activities through an adequate level of funding;

HEREBY:

AGREES that the annual budget of the Commission for Environmental Cooperation (CEC) for the financial year 2002 shall be established in Canadian dollars at a level equal to US\$9 million at the Bank of Canada exchange rate in effect on an established date, which shall be no later than 31 December 2001; and

FURTHER AGREES that the annual budget shall be equally divided among the three Parties and that each Party shall contribute an equal share of the annual budget of the Commission, subject to the availability of appropriated funds in accordance with the Party's legal procedure. Each Party shall make its contribution in its national currency. The annual amount of a Party's contribution in its national currency for the year 2002 shall be fixed at the Bank of Canada exchange rate in effect on an established date, which shall be no later than 31 December 2001.

APPROVED BY THE COUNCIL:

Victor Lichtinger
Government of the United Mexican States

Karen Redman
Government of Canada

Christine Todd Whitman
Government of the United States of America

Guadalajara, 29 June 2001

COUNCIL RESOLUTION: 01-03

Establishment of the Biodiversity Conservation Working Group

THE COUNCIL:

RECOGNIZING that through shared migratory and transboundary species and ecosystems the environments of Canada, Mexico and the United States are intricately linked and interdependent;

ACKNOWLEDGING the need to develop a long-term, comprehensive strategy to conserve and sustainably use biodiversity in North America;

NOTING the existing efforts of the Parties in participating in cooperative biodiversity conservation initiatives, the desirability of avoiding duplication of effort and the important contributions the Parties can make in finalizing the Commission for Environmental Cooperation (CEC) Strategic Plan for Conservation of Biodiversity (Strategic Plan) and providing guidance on the Strategic Plan's implementation;

REAFFIRMING the objectives of Article 1(c) of the North American Agreement on Environmental Cooperation (NAAEC): "increase cooperation between the Parties to better conserve, protect, and enhance the environment, including wild flora and fauna" and of Article 1(f) of the NAAEC: "strengthen cooperation on the development and improvement of environmental laws, regulations, procedures, policies and practices";

ACTING pursuant to Article 9(5)(a) of the NAAEC which allows the Council to "establish, and assign responsibilities to, ...working groups or expert groups";

HEREBY:

AGREES TO ESTABLISH a Biodiversity Conservation Working Group (Working Group) to be composed of up to four members from each country, including governmental and nongovernmental representatives selected by each Party. The Working Group will:

- identify for the Council areas of emerging interest or opportunities for biodiversity conservation, as well as program and implementation approaches, including innovative public/private partnerships;
- promote the comprehensive integration of the CEC's biodiversity-related activities;
- provide recommendations and advice to the Council on the CEC Conservation of Biodiversity program;
- support the continuous commitment of the Parties toward the finalization, setting of priorities and effective implementation of the Strategic Plan;
- review past and ongoing work of the CEC related to biodiversity conservation in order to incorporate past experience into the Strategic Plan; and
- provide recommendations to the Council on the implementation of the Strategic Plan, including any regional action plans;

UNDERTAKES to provide direct support to those initiatives and activities of the Working Group approved in the CEC annual program and budget, inclusive of travel and related expenses for their respective members in accordance with the availability of resources and the domestic laws of the Parties, and to the extent authorized by each Party; and

AGREES TO REVIEW the operation and mandate of the Working Group in three years from the date hereof.

APPROVED BY THE COUNCIL:

Victor Lichtinger
Government of the United Mexican States

Karen Redman
Government of Canada

Christine Todd Whitman
Government of the United States of America

Guadalajara, 29 June 2001

COUNCIL RESOLUTION: 01-04

Terms of Reference for the Expert Advisory Board on Children's Health and the Environment in North America

THE COUNCIL:

REAFFIRMING its commitment to work to better protect children's health from environmental threats;

ENCOURAGED by the outcomes of Mexico's First National Workshop on Children's Health and the Environment, organized jointly by Semarnat and Mexico's Ministry of Health and held in Mexico City on 21–22 June 2001;

ALSO ENCOURAGED by the priority accorded to the interrelationship between environment and human health by the environment ministers of the Americas at their meeting in Montreal on 29–30 March 2001;

LOOKING AHEAD to the trilateral workshop in fall 2001 as a key step to further develop the cooperative agenda for action on children's health and the environment in North America;

COMMITTED to continuing to build a children's health perspective into key areas of the CEC work program, in order to advance the protection of children's health from lead and other toxic substances, air pollution and its effects, including asthma, and other environmental threats;

RECOGNIZING the important linkages between environmental improvement and public health protection, and the necessity of enhancing those linkages;

TAKING NOTE of the directions set forth in Council Resolution 00-10, in particular, the decision to form an expert advisory board composed of environmental and health experts to advise Council on issues concerning children's health and the environment;

HEREBY:

APPROVES the attached Terms of Reference to guide the work of the Expert Advisory Board on Children's Health and the Environment in North America (Expert Advisory Board); and

WELCOMES the involvement and advice of the Expert Advisory Board in guiding the further development and implementation of the cooperative agenda to protect children in North America from environmental threats to their health.

APPROVED BY THE COUNCIL:

Victor Lichtinger
Government of the United Mexican States

Karen Redman
Government of Canada

Christine Todd Whitman
Government of the United States of America

**Expert Advisory Board on
Children's Health and the Environment in North America**

Terms of Reference

1. Official Designation (Title):

Expert Advisory Board on Children's Health and the Environment in North America

2. Mandate:

As called for in Council Resolution 00-10, and for a period of two years following its establishment, the Expert Advisory Board on Children's Health and the Environment in North America ("Expert Advisory Board") is to provide the Commission for Environmental Cooperation (CEC) Council with advice and recommendations on issues related to environmental threats to children's health in North America.

3. Description of Expert Advisory Board Work:

- Develop options and recommendations and provide advice to the Council on children's environmental health issues, including priority areas for the CEC work program.
- Participate in CEC events related to children's environmental health.

4. Reporting Structure

The Expert Advisory Board will officially report to the Council and will maintain regular contact with the Trilateral Children's Environmental Health (CEH) Team, an ad hoc group of government representatives from each Party to the North American Agreement on Environmental Cooperation (NAAEC), tasked with the implementation of Council Resolution 00-10.

5. Membership

a. Composition

The Expert Advisory Board will have nine members, consisting of three members from each country that is a Party to the NAAEC.

b. Criteria for Membership

- Members of the Expert Advisory Board will have expertise relevant to children's health and the environment, from one or more relevant disciplines such as: pediatrics, oncology, neuro-behavioural science, genetics, toxicology, epidemiology, environmental sciences, biology, law, policy, Aboriginal issues, etc.
- Members will be recognized authorities in their field.

c. Chair

The Chair will be selected and will serve by consensus among Expert Advisory Board members. A member may be selected to serve as Chair for the entire two year period or on a rotating basis, as mutually agreed upon by Expert Advisory Board members.

d. Compensation

Members of the Expert Advisory Board will serve on a voluntary basis.

6. Operating Principles

- The Expert Advisory Board will seek to make recommendations on substantive issues by consensus. In cases where consensus cannot be reached, the Expert Advisory Board may put forth options for consideration. Differences of opinion, and the reasons for those differences, will be duly noted in meeting summaries and other Expert Advisory Board documents.
- Expert Advisory Board members will carry out their duties in their capacity as individual experts, and will not represent or act on behalf of their organizations or governments, to the extent permissible under any applicable domestic laws.
- All documents generated by, recommendations and other outputs of the Expert Advisory Board will be made publicly available. Members of the public will be given the opportunity to provide comments on Expert Advisory Board recommendations and outputs, as appropriate.

7. Meetings

- The Chair, assisted by the CEC Secretariat, will convene Expert Advisory Board meetings.
- The Expert Advisory Board will meet at least twice per year, and should meet prior to the annual Regular Session of Council.
- Meetings may take place in person or via teleconference.
- Minutes will be kept for all Expert Advisory Board meetings.
- A quorum of at least two of the three members from each country must participate in Expert Advisory Board meetings.

8. Languages

The three official languages of the CEC are English, French, and Spanish. Interpretation and translation will be provided in accordance with CEC policies.

9. Travel

The CEC Secretariat will arrange for official travel of Expert Advisory Board members, taking into account budgetary constraints and in accordance with the CEC Travel Policy, the domestic laws of the Parties and to the extent authorized by each Party.

10. Task Groups

The Expert Advisory Board may establish task groups comprised of its members for the purpose of focusing the work of the board on specialized topics of children's health and the environment.

11. Standards of Conduct

- Expert Advisory Board members shall not directly or indirectly solicit or accept gifts from any source that would compromise their independence and integrity as Expert Advisory Board members.

- Expert Advisory Board members shall safeguard from public disclosure any information received in their capacity as Expert Advisory Board members, where the information is designated by its source as confidential or proprietary.
- Expert Advisory Board members shall not use for personal gain information acquired in their role as Expert Advisory Board members, unless such information is in the public domain or unless authorized by the Council.

Guadalajara, 29 June 2001

COUNCIL RESOLUTION: 01-05

Promoting Comparability of Air Emissions Inventories

THE COUNCIL:

FURTHERING the objectives of the North American Agreement on Environmental Cooperation (NAAEC), and consistent with the provisions of NAAEC Article 10(2)(a) concerning the comparability of techniques and methodologies for the gathering, analysis, management and electronic communication of data;

AWARE OF the clear and widespread harm to human health and the environment that ground-level ozone, acid rain and particulate aerosols pose over large regions of North America;

RECOGNIZING the importance of preventing and minimizing polluting air emissions from industrial, transportation and other sources in order to protect the environment and the human health of present and future generations;

RECOGNIZING that each of the countries of North America have their own ambient air quality standards, objectives, or guidelines for carbon monoxide (CO), sulfur dioxide (SO₂), ozone (O₃), nitrogen dioxide (NO₂), particulate aerosol, as well as other pollutants, and National Communications required under the United Nations Framework Convention for Climate Change to address carbon dioxide (CO₂) and other greenhouse gases;

AWARE of the need for air emissions information to support regional transboundary air quality planning activities;

TAKING INTO ACCOUNT and BUILDING UPON current Commission for Environmental Cooperation (CEC) projects, such as air quality tools and the pollutant release and transfer register, existing bilateral and multilateral agreements and activities, as well as the work of relevant international organizations to enhance cooperation on issues relating to the comparability of methodologies for data collection and analysis;

AFFIRMING the importance of source-specific information on sources of primary and secondary air emissions across state, provincial and national borders, and the need for a higher degree of data comparability for the sound management of transboundary air pollutants and regional environmental planning;

ACKNOWLEDGING the desirability of enhanced capacity in areas of data collection in order to achieve a desired level of data comparability and information exchange;

AWARE that each national program has developed a unique process for the collection and modification of environmental data sets, and that the responsibility for designing and implementing national air emissions inventories rests with each country; and

RECOGNIZING that the basic elements of national air emissions inventories include: standardized databases, limited data confidentiality, an indication of what is held confidential and a mechanism for public feedback;

HEREBY:

AGREES to work toward developing a trilateral inventory for air emissions, including sulfur dioxide (SO₂), nitrogen oxides (NO_x), carbon monoxide (CO), volatile organic compounds (VOCs), particulate aerosols, and greenhouse gases;

DECIDES to build upon experience gained through the publication of CEC's annual report on pollutant releases and transfers in North America (the *Taking Stock* report), which is based on information collected through national pollutant release and transfer register programs;

AGREES to produce periodic reports by the CEC, summarizing publicly available information from North American air emissions inventories; and

DIRECTS the Secretariat to work with the Parties to implement the following:

1. assessing progress in enhancing the comparability of air emissions inventories in North America;
2. improving the comparability of definitions and nomenclature, the scope and resolution of shared inventories, emissions estimation techniques, the treatment of confidential business information, database structures and reporting formats;
3. developing recommendations to improve dissemination of air emissions data, including

facilitating user access to, and comprehension of, air emissions data and associated relevant information, as well as measures relating to joint approaches to technical cooperation and information sharing;

4. encouraging complementary national approaches and timetables to enhance air emissions inventories in a manner that respects the different economic, political and regulatory circumstances of the Parties;
5. encouraging and providing for meaningful public and governmental participation—including that of environmental and public health nongovernmental organizations, business and industry, provincial, state, and municipal governments, academia, and technical and policy experts—in developing its recommendations for enhanced comparability;
6. coordinating activities with existing national and international workgroups and other organizations; and
7. convening meetings of trilateral experts to discuss the implementation of this resolution.

APPROVED BY THE COUNCIL:

Victor Lichtinger
Government of the United Mexican States

Karen Redman
Government of Canada

Christine Todd Whitman
Government of the United States of America

Guadalajara, 29 June 2001

COUNCIL RESOLUTION 01-06

Response to the Joint Public Advisory Committee (JPAC) Report on Lessons Learned regarding the Articles 14 and 15 Process

THE COUNCIL:

REAFFIRMING its support for the process provided for in Articles 14 and 15 of the North American Agreement on Environmental Cooperation regarding the submissions on enforcement matters and the preparation of factual records;

IN APPRECIATION of JPAC's review of the public history of submissions made under Articles 14 and 15 and its final report: *Lessons Learned: Citizen Submissions under Articles 14 and 15 of the North American Agreement on Environmental Cooperation*, dated 6 June 2001 and prepared pursuant to paragraph 5(a) of Resolution 00-09;

RECOGNIZING the ongoing nature of the JPAC process for public review of issues concerning implementation and further elaboration of Articles 14 and 15 as contemplated by paragraphs 1 and 2 of Resolution 00-09;

HAVING REVIEWED the JPAC report on lessons learned;

SUPPORTING the principle that submissions under Articles 14 and 15 should be processed in a timely and efficient manner in order to meet the public's expectations regarding the process; and

RECOGNIZING that, while some of the matters addressed in the JPAC report on lessons learned require further review and consideration by the Council, action can be taken at this time on certain matters addressed in the report;

HEREBY:

AMENDS section 10.2 of the Guidelines for Submissions on Enforcement Matters under

Articles 14 and 15 of the North American Agreement on Environmental Cooperation (Guidelines) to provide that five working days after the Secretariat has notified the Council that it considers that a submission warrants developing a factual record, both the notification and the Secretariat's reasoning as to why it considers that a factual record is warranted will be placed in the registry referred to in section 15 of the Guidelines and in the public file referred in section 16 of the Guidelines;

COMMITTS to providing a public statement of its reasons whenever it votes not to instruct the Secretariat to prepare a factual record;

COMMITTS to making best efforts, and to encourage the Secretariat to make best efforts, to ensure that submissions are processed in as timely a manner as is practicable, such that ordinarily the submission process will be completed in no more than two years following the Secretariat's receipt of a submission; and

AGREES TO CONSIDER expeditiously where it deems appropriate other matters addressed in the JPAC report on lessons learned.

APPROVED BY THE COUNCIL:

Victor Lichtinger
Government of the United Mexican States

Karen Redman
Government of Canada

Christine Todd Whitman
Government of the United States of America



CEC Council Communiqué

Guadalajara, Mexico, 29 June 2001—We, the environment ministers of Canada, Mexico and the United States, members of the Council of the Commission for Environmental Cooperation (CEC or "the Commission"), have met for our annual regular session on 28 and 29 June 2001 in Guadalajara, Mexico. We have reviewed the program activities of the Commission and received input and advice from the Joint Public Advisory Committee (JPAC), members of our national advisory bodies and the public.

This is the first session of the Council since our heads of government met in Quebec City in April for the Summit of the Americas and issued the North American Leaders' Statement (22 April 2001). Our discussions in Guadalajara have taken into consideration their vision of working to deepen a sense of community, promote our mutual economic interest, ensure that the North American Free Trade Agreement's (NAFTA) benefits extend to all regions and social sectors, develop and expand hemispheric and global trade, and promote broader trilateral and international cooperation.

Through our discussion, new directions for the work of the CEC over the coming years have emerged that build on the strengths of the existing work program and incorporate additional initiatives in areas such as water and hazardous wastes. To optimize the Commission's effectiveness in promoting protection, conservation and sustainable use of the environment, we have established a framework that will emphasize:

- gathering, compiling, and sharing **high-quality environmental information**,
- promoting the use of **market-based approaches**,
- **cooperating regionally** in the implementation of **global commitments**,
- **building capacity** for stronger environmental partnerships,
- **strengthening strategic linkages to improve sustainability**, and
- promoting **public participation** in the CEC's work.

Environmental Information

Timely and accurate environmental information is essential for rational decision making and the development of sound environmental policies. Strengthening our capacity to acquire and share knowledge among all sectors of society is fundamental to the ability of citizens to take informed action.

In this context, we will undertake the following new initiatives:

- incorporate the core set of environmental indicators of the Organization for Economic Cooperation and Development in the CEC's periodic reports on the state of the North American environment, to assess environmental outcomes and track progress in relation to environmental goals,

- address the information gaps existing in the region and the effective use of information technologies, especially in the priority areas established by the Council,
- regarding Mexico's decision to seek legislation to establish a mandatory reporting system for pollutant releases and transfers, support Mexico through capacity building,
- develop a North American inventory of air emissions, as elaborated in Council Resolution 01-05, and
- continuously improve the quality, usefulness and accessibility of environmental information made available to the public, and recommend that JPAC participate in this effort.

Market-based Approaches

The Commission recognizes that long-term success in protecting and conserving the environment will depend on our ability to foster innovation and develop creative solutions that address our shared environmental objectives in parallel with our economic and social objectives.

In this light, we will undertake the following initiatives:

- analyze issues relating to local water pricing and watershed management, and promote accessible, affordable technologies for improving water management,
- assess how the market-based approaches identified in the OECD Sustainable Development report are currently used in the North American context and could be further developed;
- building on the experience with shade-grown coffee, develop options for certification and labeling regimes,
- while the CEC is not the forum for negotiating climate change, the Council asks the Secretariat to explore further opportunities for market-based approaches for carbon sequestration, energy efficiency and renewable energy in North America.

Regional Cooperation for the Implementation of Global Agreements

Building on the Commission's progress in addressing issues of global concern, we agree to:

- continue work through the Sound Management of Chemicals (SMOC) program in support of our implementation of the recently signed Convention on Persistent Organic Pollutants, which we wish to bring into force rapidly, and
- initiate the development of a North American approach to the environmentally sound management of hazardous wastes, recognizing the serious environmental and human health consequences of improper tracking and disposal.

Capacity Building

A crucial component of our ability to make progress together on a variety of environmental issues is the presence of relevant capacity in each of the three countries. We:

- agree to place greater emphasis on capacity building in all aspects of the CEC's work, and have asked the Secretariat to explore opportunities for leveraging funds from multilateral agencies and other sources, and
- requested more information on the Plan Puebla-Panama, and direct the Secretariat to assess the role the CEC might play in this program, including possible collaboration with the IDB and other institutions.

Building Partnerships and Strategic Linkages

Advancing environmental goals demands collaboration across sectors and building relationships with key partners. In this regard, we have identified the following initiatives:

- Consistent with NAAEC Article 10(6), we will explore with our trade counterparts the possibility of convening a joint meeting between the CEC and the North American Free Trade Commission, aiming for 2003. As a first step, we instruct our senior officials to work with their counterparts on an agenda and outcomes for our consideration.
- With regard to our continuing work on Children's Health and the Environment, we have established terms of reference for the expert advisory group, as described in Council Resolution 01-04. We welcome Mexico's initiative to adopt a national policy on health and environment. In addition, we have agreed to ask the Secretariat to explore expansion of this work to include other vulnerable segments of the population and to explore how it can assist the Pan-American Health Organization (PAHO)/United Nations Environment Programme (UNEP) hemispheric initiative on this issue.
- Our continuing studies of the environmental dimensions of freight traffic in North America will focus on the reduction of vehicle emissions through improved management practices, technologies and infrastructure.
- We acknowledge the Secretariat's continuing effort to examine the opportunities and challenges of the evolving North American electricity market, and look forward to the upcoming symposium and final report.
- We have created the Biodiversity Conservation Working Group as described in Council Resolution 01-03, and look forward to the completion and implementation of the CEC Conservation of Biodiversity program's Strategic Plan for North America.
- We support the work that is being done within the North American Bird Conservation Initiative (NABCI) and are looking forward to a progress report next year.
- We will promote the use of the CEC guidance document on environmental management systems by small and medium-size enterprises and explore mutual recognition of programs to improve industry performance. In addition, we will promote closer collaboration with the private sector to facilitate the development and diffusion of environmental management principles and best practices among industry in North America. We also encourage industry to promote capacity building regarding pollutant release and transfer registers (PRTRs) through joint training among reporting companies.
- With respect to transboundary environmental impact assessment, an informal, productive process is continuing.
- We encourage the CEC to strengthen its relationship with the private sector.

- We encourage the Secretariat to explore mechanisms, within the NAAEC framework, for long-term financing in order to undertake projects approved by Council.

Public Participation

We recognize the valuable contribution the public makes to the CEC's activities and are committed to strengthening public participation in all aspects of the CEC's work.

We appreciate the valuable role that the JPAC has played since the last Council Session in reviewing the Articles 14 and 15 submission process and engaging the public with respect to the development of its recommendations on the submission process. We are pleased with JPAC's 'lessons learned' report. As outlined in Council Resolution 01-06 on this report, we have agreed to take action on many of JPAC's recommendations. Other recommendations will require further consideration.

Mexico announced its decision to withdraw its confidentiality claim with respect to its reply to the citizen submission regarding *Metales y Derivados*. The Council agreed to request the Secretariat to provide a summary of confidentiality regulations in Canada, the United States and other countries, with a view to providing Mexico with examples in this area.

CEC Budget and Next Meeting of Council

The Parties will continue to support the CEC at the level of US\$9 million for the year 2002. We will meet in Mont Tremblant, Canada, for the next Regular Session of Council in June 2002.

The CEC was established by Canada, Mexico and the United States to build cooperation among the NAFTA partners in implementing the North American Agreement on Environmental Cooperation (NAAEC), the environmental side accord to NAFTA. The CEC addresses environmental issues of continental concern, with particular attention to the environmental challenges and opportunities presented by continent-wide free trade. The Council, the CEC's governing body, is composed of the federal environment ministers (or equivalent) of the three countries, and meets at least once a year. Attending this eighth session of Council were Karen Redman, Parliamentary Secretary to, and on behalf of, Canadian Environment Minister David Anderson, Mexican Secretary for the Environment and Natural Resources Victor Lichtinger, and US Environmental Protection Agency Administrator Governor Christine Todd Whitman. The Joint Public Advisory Committee (JPAC) is a 15-member, independent, volunteer body that provides advice and public input to Council on any matter within the scope of NAAEC.

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**Eighth Regular Session of the Council of the Commission for Environmental Cooperation
Summary of interventions made during the public portion**

29 June 2001, Guadalajara, Jalisco, Mexico

DISCLAIMER: Although this summary was prepared with care, readers should be advised that it has not been reviewed nor approved by the presenters and therefore may not accurately reflect their statements.

Secretary Lichtinger welcomed everyone and explained that the program of the public session this year had been organized to allow for an interactive discussion between the Council and the public, providing an opportunity for the Council to respond after each block of presentations.

Ms. Liette Vasseur, JPAC Chair, gave a brief introduction on the conduct of the public session.

BLOCK 1. ENVIRONMENT, ECONOMY AND TRADE

Andrea Abel, National Wildlife Federation, began by thanking the Council, the Secretariat and JPAC for all the past year's work. She noted that cooperative environmental efforts, public participation and transparency were all themes raised during this Council session, and she acknowledged the maturation in the CEC's thinking on how to put these concepts into practice. She recognized that the challenge still remains of putting these principles into action within the North American context and beyond. As the United States, Mexico and Canada consider further trade liberalization, the paradigms created by the CEC will be key to getting greater support for trade liberalization initiatives. She commended the Council for upholding these principles by creating a multi-stakeholder Biodiversity Conservation Working Group. The CEC has developed a proven track record for identifying key environmental issues, convening stakeholders and analyzing options and should continue this role, striving for a lean and focussed agenda to maximize success. Finally, regarding Articles 14 and 15, she expressed her appreciation for the movement to act on the lessons learned report, but also disappointment that not more of the recommendations were acted upon and that Council chose to postpone decisions on pending submissions. She reminded Council that each of these submissions involved years of toil and frustration by the submitters. She concluded by expressing her hope that JPAC would formulate strong advice on these matters during its session later in the day.

Melinda Hanson, Eastern Charlotte Waterways Inc., discussed resource valuation as a technique for linking the environment and economy, expressing it in monetary terms, thereby allowing a more accurate reflection of the active and passive value of a resource. She described how this tool can promote community input into decision-making concerning local environment

and resource management issues. The acceptance of sustainable development as a global imperative has intensified the focus on how humans and economic activities interact with the environment. For communities, the important question is how they can manage their socio-economic activities to sustain long-term environmental and economic benefits. She explained how Eastern Charlotte Waterways has developed, and successfully used, a step-by-step process designed to apply resource valuation at the community level. Their experience demonstrates the power of this tool for communicating decision-making processes for the management of resources upon which communities rely. Finally she noted that this methodology could also have global application.

Karel Mayrand, Union mondiale pour la conservation de la nature (IUCN), began by commenting on the Hemispheric Trade and Sustainability Symposium held recently in Quebec City (17-19 April) where the CEC and the environment ministers played an active role in discussing matters related to environment and trade. He went on to make some observations from the symposium. He noted that the negotiations for the Free Trade Area of the Americas (FTAA) have not included civil society nor the link between trade and environment, creating tension surrounding increased free trade in the Americas. He also underlined the fact that, contrary to some views, many Latin American and Caribbean countries support the inclusion of environmental matters in trade discussions, creating the basis for an open dialogue on the subject. He noted that the public in these countries requires more information and expertise in order to establish data exchange regarding environment and trade. He then recommended that the Council share its experience and expertise with other organizations, creating synergies for environmental cooperation at the government level. He also suggested the creation of a hemispheric team of experts on the subject of trade and environment. Finally, he supported the earlier comments of Andrea Abel regarding Articles 14 and 15.

Secretary Lichtinger invited his Council colleagues to comment. **Ms. Redman** expressed her interest in resource valuation and the importance of water, which has a resonance throughout North America. She noted that Council had discussed the link between trade and environment and reported that Canada is actively working on integrating environmental issues in the FTAA.

Governor Whitman noted that JPAC has already put forward a recommendation for a meeting between trade and environment officials and that Council will now seek support for a meeting in 2003. She assured the audience that Council understands the importance of a closer relationship and that it is working towards this goal, adding that putting principles into action is an important point. She also underlined the importance of resource valuation and expressed an interest in learning more about this approach.

Secretary Lichtinger explained that the CEC is the only organization in the world that has a direct mandate to link environment and trade issues and is working hand-in-hand with the North American Free Trade Commission. He underscored that President Fox has publicly expressed his government's support to link environment and trade with any ongoing discussions on trade liberalization. Regarding resource valuation, he noted that Council has instructed that water issues, and particularly water valuation, be part of the CEC's program and indicated that he would welcome more information about community experiences with this methodology.

BLOCK 2. CONSERVATION OF BIODIVERSITY

Cleveland Stewart, Sustainable Fisheries Foundation, explained that his organization works with government agencies, private industry, Indian tribes, First Nations, civic groups and other NGOs to promote the rational and environmentally sensitive utilization of fisheries resources. He gave, as an example, his organization's recent involvement with the 1999 Seattle Homecoming—NAFTA, the Environment and Indigenous Peoples of the Northwest—noting that the CEC and JPAC participated in this important discussion on the impact of NAFTA on native communities. The Sustainable Fisheries Foundation has earned a reputation for science-driven conservation and would like to see the same expertise and approach infused in the CEC process. He observed that the CEC needs to be strengthened by a greater infusion of science. His observations on the policy discussions indicated that these do not reflect the best information currently available, specifically when it comes to biodiversity. He went on to explain that, in his view, the primary goal should not be to sustain biodiversity per se, but to sustain the habitat-forming processes that promote diversity. Finally, he encouraged a greater role for the public in policy discussions, decision-making and monitoring.

Brian Houseal, Nature Conservancy, described the role of his organization in North America and elsewhere. He went on to address species of concern throughout North America in relation to the expressed interest by the three countries to satisfy energy demands by increased integration of the extraction, generation and distribution of energy. The sources are fossil fuels, which will result in increased greenhouse gas emissions affecting global climate change. He explained that his organization supports the United Nations Framework on Climate Change and believes that there is a good opportunity at this time to move forward with scientifically based market mechanisms to mitigate the effects of carbon emissions. A carbon emission-trading framework for North America could prevent man-made interference with climate systems. He indicated that carbon emissions trading provides an opportunity to enhance “green infrastructure” by ensuring the protection of shared habitat and corridors for migratory species while, at the same time, promoting renewable energy technologies, reforestation and sustainable land-use practices. In closing, he proposed that this issue be addressed in the work program of the CEC this year, in order to facilitate stakeholder involvement in exploring the various options in the development of market-based mechanisms for North America. If successful, it could rapidly be expanded to other areas. In closing, he noted that the CEC is well positioned to take on this role.

Governor Whitman agreed that best available science is something we all strive for in decision-making. She also agreed that the CEC is in a unique position to encourage market-based approaches to carbon sequestration and to promote renewable resources as a way to address global climate change. She expressed support for the last speaker's suggestion and indicated that she looks forward to a greater role for the CEC.

Ms. Redman underscored the important role of JPAC as independent members of the public. Canadian membership, for example, comprises representatives of industry, academia, First Nations and the legal profession. Regarding carbon trading, she noted that industry should be included as part of the solution, not just as part of the problem. She added that Council members

were able to find a lot of common ground in its discussions. She again thanked JPAC members for their contribution to the work of the CEC.

Secretary Lichtinger added that the proposal for the CEC to work on carbon emissions and market mechanisms is already being considered. He stressed the importance of the link between biodiversity and climate change and noted that while the CEC is not a forum for negotiating climate change, it can be a vehicle for cooperation. He went on to explain the importance of linking the work of the CEC to other countries in Latin America and gave as examples the Meso American Corridor for the protection of coral reef systems.

BLOCK 3. POLLUTANTS AND HEALTH

Mindhahi C. Bastida Muñoz, Consejo Mexicano para el Desarrollo Sustentable, outlined the problematic of the Lerma-Santiago river, which originates in Central Mexico and flows into the Pacific ocean. For years, industry has been involved in an “ecocide” by discharging waste into the river, resulting in a crucial lack of oxygen in the first 15 kilometers of the river and the disappearance of all fauna. Millions of dollars have been spent in recovery work with no positive results, leading to the idea that there has been unprecedented corruption. He noted that while discharge standards do exist, they are not being enforced. Expressing a sense of despair on behalf of the community, he called upon the environment ministry to take immediate action. He suggested that the CEC conduct an audit of the river and that a national recovery commission be established with the participation of experts and representatives from indigenous communities. He further urged that water from the upper Lerma be no longer diverted for use by Mexico City and asked that important areas of the river system be declared protected areas and that this region be treated similarly to the approach taken for the Silva dam.

Don Houston, Canadian Institute of Child Health, focussed on two key concerns: the special vulnerability of children to environmental contaminants and the application of the precautionary principle to protect children. Touching on the reasons why children are more susceptible to contaminants than adults, he noted that from conception children in North America are exposed to a variety of naturally occurring and synthetic contaminants. He further described the views of many that the precautionary principle should guide the decisions about the release of synthetic chemicals as this puts the burden of proof on the proponents rather than on potential victims. He also stressed the need for the public to be fully informed. He continued by explaining that children are often the first and the worst affected and, as such, they should be the standard for the precautionary principle. He noted that progress has been made in North America in protecting children from environmental threats but that we should, however, be continually refining our standards based on new scientific evidence. He expressed satisfaction with the existence of a special office for children’s health within the EPA and expressed hope that a similar effort can be made in Canada and Mexico. He also urged improved cooperative effort to protect children and finally, that the three governments support civil society’s efforts to increase public awareness. In closing, he reminded that children are our future and that they should not be treated simply as “the canary in the mine.”

Jose Guillermo Galindo, Universidad Autónoma de Sinaloa, presented a case study on water

pollution in Mazatlan that is affecting biodiversity and human health. In the port of Mazatlan, there is severe fish and shrimp mortality. The region supports a human population of some 400,000 who consume approximately 8 million liters of water per day. He further described the problem of wastewater draining into the environment and the resulting pollution, noting that traces of DDT—a substance forbidden under Mexican law—are being found, in addition to carcinogenic substances and disease-causing fecal matter. He continued by outlining the complexity of the problem: the water treatment system—initially built for a population of 60,000—has never been upgraded and 80 percent of wastewater is untreated and drains directly into the sea. He recommended the reduction of water consumption, improved water treatment by institutions (hotels, hospitals) and an upgraded treatment facility. He also encouraged the application of strict sanctions.

Brenda Morehouse, Pembina Institute for Appropriate Development, explained the mandate of her organization and its interest in the environmental impacts of energy exploration, distribution and use. The recent discussions on a continental energy strategy are a source of concern, particularly the proposals relying on increased dependence on fossil fuels. This will reduce air quality, damage human health and accelerate global climate change. The associated environmental impacts of increased fossil fuel exploration and extraction are also of concern, particularly in ecologically sensitive areas such as the Far North. A continental energy strategy should be based on improved energy efficiency and focus on low-impact renewable energy sources—the technologies of the 21st century. Where fossil fuels are required, the emphasis should be on less carbon-intensive natural gas and not coal. Finally, she stated that her organization does not believe that nuclear power represents either an economically credible or an environmentally acceptable component of a continental energy plan. She joined her Mexican colleagues in calling for the mandatory PRTR. At the same time, the Canadian and US inventories need to be expanded to include criteria air pollutants and greenhouse gases.

Alejandro Lorea, Asociación Nacional de la Industria Química (ANIQ), presented to the Council a proposal put forward by his association relating to the development of pollutant release and transfer registries in Mexico, based on voluntary standard NMX-AA-117 of Secofi published in 2001. He underlined the important role played by ANIQ in reviewing this project since it was initiated in Mexico in 1994. He noted that the need to make progress on registries was expressed in various CEC meetings. However, during the PRTR consultative group meeting held in March 2001 in Mexico City, it remained clear that there are two options: a voluntary, or a mandatory system, which would require amendments to the legislation. He continued with the presentation of a program to develop PRTRs, approved by the Board members of ANIQ, in order to present to the authorities in June 2002 with consolidated information on total emissions from companies associated with ANIQ. He concluded his presentation by appealing to the sensitivity of Mexican authorities and the CEC for their support in this initiative, and for an end to the preoccupations expressed in recent meetings.

Aurora Michel de Martínez, Organización Sociedad Amigos del Lago de Chapala, presented geographical information and statistics on Lake Chapala. She indicated that the lake forms part of the Lerma-Chapala-Santiago basin, which comprises the states of Querétaro, Guanajuato, Michoacan, Jalisco and Nayarit. The surface of the Lerma-Chapala basin is approximately 48,215

km², which corresponds to 2 per cent of the national territory. The basin is a source of irrigation of 800,000 hectares that produce 13 per cent of the nation's agricultural production. There are many industries in the basin, including, oil, car, chemical, leather, agricultural, and livestock, accounting for approximately 9 per cent of the gross domestic product. There is a water crisis in Lake Chapala both from the perspective of quality and quantity. She explained that untreated industrial waste is pumped into the lake and chemicals from agricultural operations drain into the lake. Irrational water consumption and the continuing use of slash and burn practices contribute to the shortage crisis. Mismanagement of the Lerma River results in an inadequate supply of water to Guadalajara. Droughts and natural evaporation are also contributing factors. The water shortage is also affecting power supplies. She proposed that authorities develop a master plan for the Lerma-Chapala-Santiago basin, including adequate legislation for addressing the sustainable use of water. The upgrading of irrigation systems is urgently required as well as a massive reforestation program. Finally she urged the re-orientation of public values to place emphasis on the pride of living in a clean and green country. She invited all authorities to work cooperatively to solve this urgent problem and declare Lake Chapala an emergency zone. Budgets have to be adequate and the work of implementing bodies closely monitored. She expressed the willingness of the public to work hand-in-hand with authorities to save Lake Chapala.

Secretary Lichtinger invited his colleagues to respond. **Ms. Redman** took up several of the issues, beginning with the precautionary principle and drawing attention to its use in the Canadian Environmental Protection Act (CEPA). Canada also promoted joint meetings of environment and health ministers to make the important connection discussed here today, and to bring the issue to the community and keep attention focused on children's health. The CEC itself is already focusing attention on children's health. Sound science and the sharing of usable information are key to both citizen engagement and the work of government. She gave as an example the results of testing on breast milk in Canada's north that triggered international attention. She commended the Pembina Institute for their work. Regarding the Chapala basin, she indicated that the Council has discussed local, innovative technologies for water management.

Governor Whitman thanked the presenters for their commitment and for taking time to bring their views forward. Children's health is an area where the CEC has shown real focus and results and Council will support ongoing work, including expansion to other vulnerable groups. She added that the precautionary principle is behind every decision made on the environment and certainly behind every regulation. The EPA will expand to incorporate other vulnerable groups beyond children such as the elderly and migrant workers. She stressed the importance of information and data sharing. Water has been a major focus of Council's discussion over the past day and a half, focusing on water shed management, the challenges presented by non-point source pollution, the need for useable technology for alternative farming and irrigation techniques. She touched on the issue of a continental energy plan stating that Council had discussed the issue looking at the importance of renewable resources, alternate technologies and conservation as a shared goal. She stressed that public education must underlie all our efforts.

Secretary Lichtinger responded to the issue presented on Lake Chapala, explaining that he recently participated in a "caravan" that visited the entire basin and which ended with a meeting with users and the public at Lake Chapala. Noting that no adequate policy for basin management

exists in Mexico—a deficiency that has contributed to Mexico’s water quality and quantity crisis—at that meeting he committed to review all of the agreements and water management measures. He noted that former commissions have not yielded the required results but that the Mexican government now understands that a comprehensive management program is needed to save Lake Chapala. He admitted that unfortunately the mistakes of the past cannot be corrected overnight and that we have to review all available scientific information, ensure that all communities are involved and that democratic decision-making processes are in place, emphasizing that this would be a priority for his ministry. He went on to discuss PRTR and explained that the Mexican government is working with Congress to implement a mandatory system. The proposal will be submitted to Congress in the September session. He noted that, in the meantime, his ministry will continue to promote the voluntary option and pursue transparent information sharing.

BLOCK 4. OTHER (ARTICLES 14 AND 15, INDIGENOUS PEOPLES, PUBLIC AWARENESS AND EDUCATION)

Brian Staszewski, Destination Conservation, introduced himself as coming from “Oilberta”, Canada. His comments focused on how energy is used and on the education of children, the public and our leaders. As the idea of a continental energy plan is expanded, there is a need for more responsibility. Canada and the United States are the “belly of the beast” in terms of energy consumption, using more energy per capita than anywhere else in the world. There is at least 30 to 40 per cent waste in the system. He went on to describe a project his organization is running with the Ottawa School District to work on energy retrofit, which creates energy savings, pollution reduction and jobs. The exciting feature is that students in the system are assisting in the project. The core subject areas in school—math, social studies, science—are being used to learn how to achieve efficiencies leading to the important long term cultural and attitudinal changes needed to shift society towards solutions. He noted that there should be more effort on the part of the CEC to encourage coordinated support for increased education in resource efficiency. He concluded by remarking that while some people believe there is an energy crisis, he believes there is a “thinking” crisis.

Luis Felipe Ayala Soto, Comité Pro Limpieza del Rio Magdalena, referred to his organization’s submission under Article 13 regarding mercury pollution in the Laguna de Pedernalillo in the municipality of Guadalupe Zacatecas. For a long time this area has been impacted by pollution from mining activities. He provided some of the basic statistics and indicated that pollution is further distributed along the 110 kilometers of the river system. As the city of Zacatecas has grown to the border of the containment area, citizens are now very concerned about the possible effects on humans. Comparing this area to Minamata in Japan, he indicated that the permissible limits of mercury have been exceeded and that there has already been a significant bird die-off in the area. He urged the CEC to rapidly take a position on this environmental emergency.

Anne-Renée Touchette, Centre québécois du droit de l’environnement, commended JPAC on the lessons learned report on Articles 14 and 15 and the actions taken by Council. She presented two positions. First, she commented on the importance of increasing public

participation in order to encourage the public's input in the work of the CEC and increase the opportunity for the public to have direct communication with the Secretariat. Second, she emphasized the need for better follow-up. In closing, she supported comments made earlier by colleagues on Articles 14 and 15.

Stephen Porter, Center for International Environmental Law, began by thanking Council members for their work on a broad, cooperative agenda for the North American environment. He noted that a topic that remains to be seriously considered is Chapter 11 of NAFTA, which is being used aggressively by corporations to challenge environmental and other laws. He then turned to the Articles 14 and 15 submission process and expressed his disappointment that decisions on pending cases had not been taken at this meeting. Considering that there have been talks of timeliness and of moving the process forward, he noted that this was a missed opportunity. In the interests of full disclosure, he noted that his organization is involved in the migratory birds submission. He expressed particular disappointment with the United States because part of the blockade is the inability of the US to conclude. He further noted that lack of staff and resources did not stop the US in reversing course on the Kyoto Protocol (as an aside to Governor Whitman, he did say the he knew he was preaching to the converted, but wanted to go on record). He maintained that there is an unfortunate perception by government that these factual records pose a threat. He expressed his hope that they be seen as an opportunity to get independent analysis which any government ought to welcome. The Secretariat has proven itself objective, thorough and fair. The existence of the citizen submission process is fundamental to further economic liberalization in this hemisphere. He urged Council to impress this upon their commercial colleagues back home.

Secretary Lichtinger intervened stating that having received the JPAC report on lessons learned, Council is preparing a resolution to support timeliness and transparency. Furthermore, concerning the submission on "Metales y Derivados", he indicated that a full response to the Secretariat's request to Mexico would soon be provided. He also noted that Mexico has unilaterally decided to lift the confidentiality restrictions and will make this information public, adding that the Council has decided to review the confidentiality rules in accordance with national laws.

Luis Gerardo Monzo-Salazar, Kivalliq Inuit Association, representing an Inuit region in the Territory of Nunavut, Canada, noted that provisions for land-use planning, research and impact assessment exist in the land claim agreement signed between the government of Canada and the Inuit of Nunavut in 1993. He indicated that the bodies created to implement these provisions are all concerned about the effects of climate change in the Arctic. Through these bodies, Inuit and their traditional knowledge are involved and this should be taken into account by the CEC. Inuit also strongly support the Kyoto Protocol because innocent people like them are paying the price for the harm done by industrialization. Industrialized nations use natural resources for short-term gain and do not take into account sustainability. Inuit do not want to see more health impacts from pollution simply to feed energy appetites in the South; they are already victims of contaminants transported from other parts of the world. Governments must play a strong role to ensure this does not occur.

Jeff Dickison, Squaxin Island Tribe, explained that tribal members have treaty rights to fish and hunt in usual and accustomed places. In recent decades it has become apparent that protection of habitat and environment were necessary to ensure the continuing enjoyment of these treaty rights. He explained the steps this tribe has taken to protect salmon stocks and their habitats both on reservations and public lands. In some cases, other land users have also taken voluntary actions by entering into agreements to ensure similar protections. He went on to explain their concern that these land-use regulations and voluntary land-use restrictions not be compromised to achieve parity in North American free trade. These restrictions should not be considered as barriers to trade when cost equalization measures are proposed to sustain the viability of operational standards. Finally, he cautioned that free trade should not be used as a mechanism to abrogate the responsibilities of the US government under treaties with Indian tribes. Those treaties protect tribal interests and in so doing, protect biodiversity.

Secretary Lichtinger invited comments from his Council colleagues. **Ms. Redman** expressed complete agreement with the need to involve students and youth in conservation initiatives. She addressed the concerns of Inuit by explaining that the Canadian government clearly welcomes aboriginal involvement. Also key is to continue seeking best science concerning the Arctic. Currently before a standing committee in Canada is the proposed species at risk legislation where aboriginal traditional knowledge has been incorporated in a very substantive way.

Governor Whitman agreed with the critical importance of education and that this is a priority for the US government. She explained that the EPA has a program—Energy Star—directly focused on educating the public on energy conservation. Recently, the US President announced challenges on how to meet conservation requirements, particularly for those pieces of equipment that drain energy even when turned off. Through Energy Star the public is educated and informed as to how it can make smart purchasing choices. She described another initiative which consists of information, given by broadcasters during weather forecasts, on the most efficient ways of using air conditioners. On the pending Article 14 and 15 submissions, she stated that the US looks forward to a resolution. She attributed the delays to the fact that the new administration needs to engage in an inter-agency process and has encountered delays in obtaining the necessary congressional approvals for new appointments in the U.S. government agencies. She went on to state that from the perspective of the CEC, it is not a question of a healthy environment and trade or a healthy economy—it is not a trade off or zero sum game. Council and JPAC have reaffirmed the cooperation that needs to take place to ensure this.

Secretary Lichtinger used the remaining time to open the floor to comments from the public.

Paulino Ponce Campos, Bosque Tropical, spoke about crocodile conservation in Jalisco. A conservation plan was presented to authorities. To date, his organization has done monitoring in 90 per cent of coastal waters. They now have data on mortality, reproduction and other environmental factors. His organization's main concern now is habitat and biodiversity conservation and proposals have been presented to the authorities.

Sean Mattson, Nuevas publicaciones en inglés de México, asked Governor Whitman what the US can do or say to convince the CEC and the international community that the United States of

America is committed to the reduction and control of greenhouse gases when it pulls out of an agreement as important as the Kyoto Protocol.

Governor Whitman replied that one's commitment is shown by the action it takes, including important domestic action. She stressed the importance of achieving results and affirmed that the President of the United States is clearly committed to addressing the issue of greenhouse gases, stating that she herself is part of the Cabinet-level review group that is looking at the issue. She referred to an announcement made by the President the day before to the effect that \$80 million in new money is to be directed to energy conservation and will have a direct impact on reduction of greenhouse gases. She reiterated that the way to convince the rest of the world is by acting, adding that the US is also reaching out internationally to look at other opportunities. When the US moved away from the Kyoto Protocol, it moved away from the treaty, not the process. The President is still committed to the process of international engagement.

Mr. Mattson went on to ask for more information on some of the specific actions the US is planning to take.

Governor Whitman explained that for now, the Administration is focusing on the energy plan and the multi-pollutant legislation. It is also addressing carbon sequestration through the CEC, analyzing market-based initiatives that are now being taken, and continuing the work of the Cabinet-level committee.

Cliff Wallis, Alberta Wilderness Association, welcomed the new members of Council and the NGO community. He observed that while progress is being made on information gathering, the battle is still being lost. The old-style economic bullies are still beating up on the environment. The CEC was to provide the balance, however, the fact of the matter is that we are still seeing a lot of the bad aspects of trade. The precautionary principle is being used on environmental protection, not on development. He expressed hope that the Council members would continue to be strong advocates in the home governments. He went on to encourage the CEC to look at what is already going on in the development of green communities and how these experiences can guide visions for the future.

Ms. Redman commented that the leaders themselves are advocating these very issues, observing that, in his Throne Speech, Canada's Prime Minister brought forward three initiatives: clean air, clean water and the health of Canadians, and protecting green spaces.

José Zavala, Tijuana State Board of Ecology, first brought forward his region's concerns over the electricity utilities being built along the border, in Baja, to service California. He then congratulated Secretary Lichtinger for making a decision to pursue mandatory reporting of emissions and offered his organization's support. He added that he is looking for enforceable legislation and getting information to the grass roots level.

Areli Correón, Red de comunicación Morelos, shared the position of the various organizations that have gathered here to discuss the "so-called" green goods and services and who do not agree with the definition being used. It should include the improvement of quality of life and social

values. Industrial and economic growth should be limited to capabilities of the environmental and social systems. Consideration of indigenous communities, genetic resources and biodiversity are all additional elements. She asked what exactly the ministers are doing to support communities in the development of green goods and services—not just for the international market, but also for domestic use—and invited the Council to answer through direct action.

Alvaro Salgado Ramírez, Coalición Rural, appealed for a review of legislation concerning bioprospecting to ensure the protection of local communities. There is also a need to preserve lifestyles and cultural perspectives on development—as practiced by local communities—as a way to protect biodiversity. We all have a responsibility for “in situ” conservation—not everything should be directed to the marketplace. He also asked for a halt on the marketing, and even the planting of transgenic corn in Mexico. The CEC should continue to promote projects that preserve biodiversity locally, such as the project on shade coffee.

The next speaker, who was not identified, congratulated Council on supporting efforts to save the Lerma-Santiago-Pacific basin and Lake Chapala. Referring to the Silva dam case, she asked the Secretariat about the possibility of developing a Chapter 13 report regarding environment and water issues. She suggested that Mexico review water related legislation, looking towards a federal law for basin management. She further suggested that Article 27 of Mexico’s Constitution should be reconsidered in terms of ownership and the preservation of natural resources.

Ignacio Angeles, Rescate Ecológico de Tamuín, expressed concerns over the electrical utilities being built in his region which will release tons of polluting agents, noting that there are no standards or emissions control for power producers in Mexico. Our only references are studies carried out in the United States. We have endangered species and endangered habitat in this region. The residents are very concerned about health impacts and want a halt on construction of these facilities.

Martha Esther Cortés, Colectivo Ecologista Jalisco, introduced herself as an individual who has been involved in work of the CEC for many years. She spoke about the need to establish a trilateral energy policy focused on energy savings. She called for tax dollars to be put into developing intelligent alternative energy sources. Growers in Mexico are also concerned about global warming and the effect on crop production. She also asked for Secretary Lichtinger’s support to include civil society in energy planning. Finally, she noted that water should not be privatized or open for trade.

Cesar Luna, Environmental Health Coalition, congratulated Mexico for reconsidering its position on the confidentiality of information regarding the submission filed by his organization (regarding Metales y Derivados). He reminded that long-term victory for the public, however, will only be achieved when Mexico and United States take all the necessary steps to protect the citizens of this region.

Miguel Bortolini Castillo, Mexican Congressman, on behalf of the citizens he represents, presented a press release he issued that day, highlighting the public concerns that he heard during

this meeting. The concerns he depicted were related primarily with bioprospecting, property rights, indigenous rights to lands and resources, the negative impacts of the Puebla-Panama Plan, dumping of contaminants in Mexico's waterways, imposition of projects financed by the Inter-American Development Bank and the World Bank, community participation in environmental decision-making, supporting the Kyoto Protocol on climate change and the need for the development of complementary legislation for environmental protection as called for in the NAAEC.

Francisco Chapela spoke about the importance of increasing the participation of civil society, including NGOs. He referred to a petition that was signed by a good number of organizations and individuals represented at the meeting, asking that the CEC continue to expand support for activities carried out by civil society, a support that has gradually been reduced. If the objective is cooperation in support of the North American environment, then public participation is essential. Everyone acknowledges the importance of JPAC; however, the CEC should go further and broaden mechanisms for public participation, including specific initiatives. There is also an urgent need for funds beyond the diminishing capacity of NAFEC.

Lisel Lifshitz, Secretaria de Turismo de Estado de Michoacán, called upon Mexico to implement the program for the management and preservation of the monarch butterfly, noting that since the publication of the official document, nothing further has been done in this regard. She indicated that international agencies have contributed five million dollars, but as these funds have not been invested in a consistent fashion—partly due to the lack of commitment from the local population—they are constantly confronted with a lack of funds. She concluded her statement by announcing that a proposal would be submitted to Secretary Lichtinger and to the Secretariat.

Alejandro Gutiérrez, Sociedad Mexicana de Aguas de Occidente, representing a professional association concerned with water management in the State of Jalisco, presented three proposals to Secretary Lichtinger. The first suggested a legal framework for the hydraulic sector with strong enforcement capabilities, specifying that without will no private sector financing can be attracted. Financial penalties should be established for non-compliance with regulations. The second proposal regarded promoting the participation of civil society in the protection of the Lerma-Santiago-Lake Chapala basin; and the third focused on establishing strategies so that finances can be managed at the local level. In conclusion, he stressed the need for municipalities to be strongly encouraged and supported in their efforts to improve water and wastewater management.

William Muffett, Defenders of Wildlife, first thanked the CEC for its decision to address the challenge of freshwater. As populations grow throughout North America and climate-related droughts proliferate, the crises will mount. He urged action now while there is time to deal with the issue in a wise and just manner. Second, he indicated that the CEC needs more funding, and urged creative thinking in finding new sources. Finally, he touched on climate change, stressing that the change is real and is happening. Ecosystems are shifting, species are disappearing and people are dying of drought, famine and disease. He made a plea for drastic action, noting that the costs of not doing anything would be immeasurable, and invited Council to look beyond politics and show courage.

José Martín Velazquez, Partido de la Revolución Democrática, repeated what was said earlier by representative Bortolini, calling for a study on mega projects. He indicated that the Puebla-Panama Plan should be studied by the CEC, and that mega projects will not work; they are therefore not intelligent investments. He reported that in San Cristóbal last June, the Maya adopted a statement on biodiversity calling for respect and support for ecologically sound production systems and self-sufficiency of local communities. In closing, he stressed that green markets are in danger and that investments should not be for short-term gain. He called upon the adoption of laws to prevent the imposition of such projects.

A speaker, who did not identify himself, noted that on the one hand, we are speaking about conserving biodiversity and on the other hand there are species in Mexico, such as the sea turtle, that are at risk of extinction because of politics. He described this as an offense. Reflecting on the many obstacles citizens face when seeking legal protection for the turtles and their habitat, he expressed their will to protect the species with or without government support.

Secretary Lichtinger announced that time had run out and encouraged those who did not have a chance to speak to send their comments in writing to the Secretariat. He then invited his Council colleagues to comment.

Ms. Redman thanked the participants for their thoughtful presentations. She noted that the link between trade and environment was a recurrent theme, and expressed confidence that the CEC can continue to play a leadership role in this area.

Governor Whitman also thanked participants and stated that, through her experience with public meetings, she has never seen this kind of structured involvement from the public and that this is what sets the CEC aside from other fora. She assured the public that their comments would be taken into the deliberative process as agendas are developed.

Secretary Lichtinger acknowledged that public participation could always be improved, but agreed with Governor Whitman that the CEC is a good model. He noted that he has been personally involved with the CEC since the beginning and can certainly see the improvements and the important role JPAC has played.

Ms. Liette Vasseur, JPAC Chair, on behalf of JPAC, thanked Secretary Lichtinger for having taken the decision to lengthen this public session. It was an important demonstration of the CEC's commitment to a transparent dialogue with the public. She went on to acknowledge those presenters who called for greater transparency and participation at the community level and the additional funding that this will require. She also expressed surprise and pleasure at how the NGOs and individuals organized themselves at this meeting to present coordinated positions. The networks and contacts created are a necessary element for strengthening North American cooperation.

Secretary Lichtinger adjourned the session.