

SESSION 03-01 OF ALTERNATE REPRESENTATIVES

SUMMARY RECORD

The Commission for Environmental Cooperation (CEC) Council, represented by its Alternate Representatives, met in Mexico City on 27-28 March 2003. Mr. Jerry Clifford (United States) chaired the meeting. Ms. Norine Smith and Ms. Olga Ojeda represented Canada and Mexico respectively. Mr. Gustavo Alanís-Ortega represented the Joint Public Advisory Committee (JPAC) and Mr. Victor Shantora, CEC Acting Executive Director, represented the Secretariat. Ms. Julie-Anne Bellefleur, Council Secretary, acted as secretary for the session. Other officials of the Parties and the Secretariat were also in attendance (Annex A).

Item 1 Adoption of the agenda

The Alternate Representatives adopted the agenda based on the provisional agenda (Annex B).

Item 2 Report by the Acting Executive Director

The Acting Executive Director provided a brief account of the second Symposium on Assessing the Environmental Effects of Trade held in on March 25-26. He also presented an overview of his November 2002—March 2003 report on CEC activities (Annex C). Noting that the Dioxin, Furan and Hexachlorobenze NARAP has been the subject of an interagency review for almost a year, he encouraged the Parties to approve its release for public comment so that Council may approve its implementation at the June 2003 Council Session. The Alternate Representatives asked for further information regarding certain items in the Acting Executive Director's report, and commended the Acting Executive Director for his comprehensive report of the Secretariat's work.

Item 3 Adoption of summary record

The Alternate Representatives approved the summary record of Session 02-06 held on 11 December 2002.

Item 4 Joint meeting with JPAC

Following a general introduction by the JPAC Chair, Ms. Merrell-Ann Phare summarized the main recommendations that emerged from the NAFTA Chapter 11 workshop and which will be reflected in the JPAC's Advice to Council 03-01. She also expressed JPAC's appreciation for the sense of openness and transparency conveyed through the Council's response to JPAC Advice 02-04 and 02-09 about the release of the summaries of Article 10(6) Environment and Trade Officials meetings on the CEC website. Mr. Cam Avery commended the Secretariat for the successful organization of the Second Symposium on Assessing the Environmental Effects of

Trade and thanked the Council for supporting the Secretariat's work in this area. He then elaborated on the recommendations of the JPAC Advice 03-02 in that regard.

The JPAC Chair indicated that JPAC would be organizing a plenary session on CEC initiatives in parallel to the June 2003 Council session, as well as a plenary session, in cooperation with the Enforcement Working Group, on the North American Environmental Enforcement and Compliance Cooperation Program. Referring to the Migratory Birds submission, he drew attention to the importance of releasing the factual record within 60-day following its submission by the Secretariat. Referring to the review of the operation of Council Resolution 00-09 (Matters related to Articles 14 and 15 of the Agreement), he indicated that JPAC was prepared to conduct a public review on the matter of limiting the scope of factual records as soon as the relevant five factual records would be completed. He acknowledged receipt of the Council's response to JPAC Advice 02-12 relating to Transboundary Environmental Impact Assessment (TEIA) and expressed JPAC's hope that TEIA would be part of the agenda of the June 2003 Council Session. He informed the Parties that, conforming to the North American Fund for Environmental Cooperation (NAFEC) Administration and Funding Guidelines, Mr. Arturo Duran (United States), Ms. Merrell-Ann Phare (Canada) and Ms. Laura Silvan (Mexico) will be representing JPAC on the NAFEC Selection Committee for the next two grant cycles. In closing, he inquired about the status of the selection process for the position of Executive Director and appointments on the Ten-Year Review and Assessment Committee (TRAC).

The Alternate Representatives assured JPAC of their intention to address the Migratory Birds submission within the prescribed time frame. They provided JPAC with an update on the status of the Parties' efforts relating to the negotiation of an agreement on TEIA and elaborated on practical issues stemming from the differences in structure at the federal and state levels. The Alternate Representatives also asked the JPAC whether they had any thoughts on specific agenda items for the upcoming CEC Council session, since the Alt Reps intended to begin preliminary discussions of the Council agenda following their meeting with the JPAC. They also provided JPAC with an update on the selection of the Executive Director as well as on the selection of their TRAC members and expressed confidence that appointments would be confirmed shortly.

The Acting Executive Director provided a progress update on the 10-year review initiative. He indicated that the terms of reference for the TRAC had been finalized and that next steps were contingent upon the establishment of the TRAC. The CEC's Director of Programs provided an overview of the proposed five-year strategic plan for the CEC to be presented to Council in 2004. He indicated that work was progressing quite quickly in finalizing a draft plan that could then be used as a basis for preparing the 2004 work program. He also proposed that a retreat with the Alternate Representatives and JPAC be considered in early 2004 in order to ratify the vision and goals of the proposed plan, and incorporate the results of the 10-year review. The Alternate Representatives welcomed the approach proposed by the Secretariat for the development of the five-year strategic plan.

Finally, at the invitation of the Parties, the Secretariat presented an overview of the CEC's Strategic Plan for North American Cooperation in the Conservation of Biodiversity.

Item 5 Submissions on Enforcement Matters under Articles 14 and 15

The Parties indicated that they were still in the process of reviewing the Secretariat's Article 15(1) notifications relating to the development of factual records on submissions 00-006 (Tarahumara) and 02-001 (Ontario Logging). They exchanged views regarding the submissions and committed to vote on both submissions, as well as on the release of the Migratory Birds factual record, at their next session to be held via conference call before 25 April 2003.

One point raised regarding Tarahumara related to concerns with the manner in which the original submission was processed by the Secretariat. The Parties and the Secretariat discussed these concerns and agreed that this was not the manner in which future submissions would be handled.

In closing, the Secretariat proposed, for the Parties' consideration, the possibility of organizing bilateral meetings with each Party in order to share experiences and exchange views about the citizen submissions process, particularly with respect to improving the process for gathering information for the development of factual records. The Alternate Representatives welcomed the Secretariat's proposal and suggested that Fall 2003 may be an appropriate time for scheduling such meetings.

Item 6 2003 Council Session

The Alternate Representatives exchanged preliminary views on the list of potential items for the Council's discussion at the June 2003 Regular Session. They provided guidance to the Secretariat for the development of the agenda and asked the General Standing Committee (GSC) to further refine some of the broader issues on the list.

In response to an inquiry relating to the status of lead within the SMOC program, the JPAC Chair was informed that the Substance Selection Task Force had prepared a Statement of Mutual Concern as well as a Decision Document, which is nearing completion.

The Canadian representative proposed that a signing ceremony for the Memorandum of Understanding for the Conservation of North American Birds and their Habitat be held during one of the social functions that may be planned on the margins of the session. The representative from the United States indicated that the proposal would be taken under advisement.

Item 7 10-year Review and Strategic Planning

The Alternate Representatives adopted Council Resolution 03-02 relating to the establishment of an independent Ten-Year Review and Assessment Committee (TRAC), which will operate pursuant to the Terms of Reference attached to the Resolution (Annex D).

Referring to the various background materials that may be useful for the review, the Acting Executive Director indicated that during a meeting last year Canada's Finance Department had expressed interest in providing information relating to their national baseline economic

conditions at the time NAFTA was created 10 years ago as well as 10 years later, including their views as to which variations can be attributed to NAFTA. He invited the United States and Mexico to see if similar information could be provided by their respective departments/agencies. He also shared information about a public meeting that the Carnegie Endowment is planning to organize as part of its analysis of the 10-years of NAFTA, with financial assistance from the CEC to support participation of CEC stakeholders. He noted that the results of the meeting could also be useful to the TRAC. In concluding, he encouraged the Parties to identify their respective TRAC members as soon as possible.

Item 8 Other Issues

Recalling that the CEC's office lease will terminate on 14 November 2004, the Acting Executive Director handed out a document outlining four possible options for consideration in the context of the negotiation of a new lease, along with an analysis of current real-estate market conditions. He underlined the importance of receiving guidance from the Parties before 9 May 2003, should they wish to submit any matter for consideration, in order for the CEC to take advantage of current market conditions. The Acting Executive Director also distributed a presentation on the CEC's corporate budget outlining impacts of the increasing level of program-related activities on the CEC's budget and operations.

The Alternate Representatives asked the GSC to review and discuss the above documents with the Secretariat and provide advice as may be deemed appropriate.

Item 9 Next session of Alternate Representatives

The Alternate Representatives agreed to hold a conference call during the week of 14 April 2003 in order to address outstanding issues related to Submissions on Enforcement Matters under Articles 14 and 15. A regular session is also scheduled for 15 May 2003 in order to discuss the June Council Session.

Item 10 Closure of the session

In closing the session, the Chair thanked all participants and, on behalf of the United States, he indicated that he looked forward to seeing everyone at the June 2003 Council Session to be held in Washington D.C.

SESSION 03-01 OF ALTERNATE REPRESENTATIVES

Mexico City, 27-28 March 2003

Delegations List

CANADA

Alternate Representative

Norine Smith, Environment Canada
Martin Loken, DFAIT*
Jenna MacKay-Alie, Environment Canada
Rita Cerutti, Environment Canada
Kimberly Ferguson, DFAIT
Kathy Graham, Environment Canada
Daryl Hanak, Alberta Ministry of Environment
Julie Pelletier, Environment Canada
Martin Roy, DFAIT
Agusti Bordas, Environment Canada

MEXICO

Alternate Representative

Olga Ojeda Cárdenas, Semarnat
Israel Nuñez, Semarnat
Mauricio García Velasco, Semarnat
Amalia Lelo de Larrea, Semarnat

UNITED STATES

Alternate Representative

Jerry Clifford, Office of International Affairs, EPA
David Redlin, Office of International Affairs, EPA
Paul Cough, Office of International Affairs, EPA
Evonne Marzouk, Office of International Affairs, EPA
Jose Aguto, Office of International Affairs, EPA
Brian Muehling, Office of International Affairs, EPA
Jocelyn Adkins, Office of General Counsel, EPA
Matt Witowski, U.S. Embassy Mexico City
Kent Shigetomi, USTR

JPAC

JPAC Chair

Gustavo Alanís-Ortega
Cam Avery
Mindahi Crescencio Bastida-Muñoz
Ann Bourget
Patricia Clarey
Adriana Nelly Correa Sandoval
Dinkerrai Desai
Arturo Duran
Patricia McDonald
Merrell-Ann Phare
Carlos Sandoval
Laura Silvan de Durazo

Donna Tingley
Manon Pepin, JPAC Liaison Officer / NAFEC Supervisor
Lorraine Brooke, JPAC Consultant

SECRETARIAT

Acting Executive Director

Victor Shantora
Julie-Anne Bellefleur, Council Secretary
Chantal Line Capentier, Head, Environment, Economy and Trade
Geoffrey Garver, Director, Submissions on Enforcement Matters Unit
Yamirka Gómez, Administrative Support
Hernando Guerrero, Director of Mexico Liaison Office
Evan Lloyd, Director of Communications
Carla Sbert, Legal Officer, Submissions on Enforcement Matters Unit
Tim Whitehouse, Head, Law and Policy
Doug Wright, Director of Programs

CEC Meetings in Mexico City during the week of March 24, 2003

GENERAL PROGRAM

Monday, March 24

9:00—17:30 JPAC public workshop on NAFTA Chapter 11

Tuesday, March 25

8:30—18:30 Symposium on Assessing the Environmental Effects of Trade

10:00—16:00 Informal EWG meeting (1-2 members from each country) to prepare for the EWG workshop to be held in parallel to the June 2003 Council Session

Wednesday March 26 (PM)

8:30—18:00 Symposium on Assessing the Environmental Effects of Trade (cont'd)

12:00—14:00 Informal EWG/JPAC working lunch

14:00—18:00 Informal EWG meeting (cont'd)

18:30 Reception for participants at the Symposium on Assessing the Environmental Effects of Trade

Thursday, March 27 (Sala Emperatriz III)

8:00—9:00 Article 10(6)/JPAC working breakfast

9:00—12:30 Article 10(6) Officials meeting

12:30—13:00 Break

13:00—15:00 Joint Alt. Reps / JPAC meeting (working lunch)

15:00—15:15 Break

15:15—19:30 Alt. Reps session 03-01

9:00—13:30 JPAC Session 03-01

9:00—18:00 UNEP Capacity Building meeting on Environment, Trade and Sustainable

Friday, March 28

8:30—11:00 Alt. Reps session 03-01 (cont'd)

9:00—18:00 UNEP Capacity Building meeting on Environment, Trade and Sustainable Development for the Latin American and Caribbean Region (cont'd)

AGENDA

Held on Thursday, 27 March from 3:15 PM to 7:30 PM
and continuing on Friday, 28 March 2003 from 8:30 AM to 11:00 AM

Hotel Marquis Reforma (Sala Emperatriz III)
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Mexico City
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Chair: United States

- Item 1 Adoption of the agenda
- Item 2 Report by the Executive Director
- Item 3 Adoption of summary record
- Item 4 Joint meeting with JPAC
- Item 5 Submissions on Enforcement Matters under Articles 14 and 15
- Item 6 2003 Council Session
- Item 7 10-year Review and Strategic Planning
- Item 8 Next session of Alternate Representatives
- Item 9 Closure of the session

**SESSION 03-01 OF ALTERNATE REPRESENTATIVES
ANNOTATIONS TO THE AGENDA**

Item 1 Adoption of the agenda

The Council shall adopt the agenda.

DOCUMENTS:

- a) Draft annotated agenda, Rev.3 (distributed 20-03-2003) C/C.01/03-01/AGEN/01/Rev.3

Item 2 Report of the Acting Executive Director

The Acting Executive Director will report on the following issues:

- Report on CEC activities since the Fall 2002 report from the Acting Executive Director;
- Progress report on discussions with IJC and IBWC relating to areas of common interest for potential collaboration;
- Considering that the current lease for the offices of the Secretariat will terminate in November 2004, the Acting Executive Director will brief the Alternate Representatives on preliminary work undertaken in support of the process for the negotiation of a new lease.
- In closing, the Secretariat will provide a progress report on activities of the Biodiversity Conservation Working Group.

DOCUMENTS:

- a) Executive Director's report (distributed 10-03-2003)

Item 3 Adoption of Summary Record

In accordance with Council Rules of Procedure (R.11), the Executive Director prepared the summary record of Session 02-06 of Alternate Representatives. The Alternate Representatives are expected to approve the summary records.

DOCUMENTS:

- a) Session 02-06 of Alt. Reps held on 11 December 2002, including Canadian and U.S. comments (distributed 6-03-2003)

Item 4 Joint meeting with JPAC

Under this item, the Alternate Representatives will hold their first meeting of 2003 with members of JPAC.

The JPAC Chair will introduce the newly appointed members of JPAC and provide a brief update on JPAC activities. This will be followed by a progress update by the Secretariat on the implementation of the 10-year review initiative and developments related to strategic planning, including a presentation of the CEC's corporate budget and a progress update on the three pilot evaluations carried out in relation to the SMOC and NABIN projects as well as the Mexico

Liaison Office.

The Alternate Representatives and JPAC will then be invited to exchange views on the 2003 Council Session, the Ten-Year Review Initiative, and Strategic Planning.

DOCUMENTS:

- a) List of JPAC members and bios (distributed 12-03-2003)
- b) Agenda of JPAC Public Workshop on NAFTA Chapter 11 (distributed 12-03-2003)
- c) Agenda of JPAC Regular Session 03-01(distributed 12-03-2003)
- d) JPAC comments on the CEC Secretariat proposal related to the Ten-year Review (distributed 03-02-03)

Item 5 Submissions on Enforcement Matters under Articles 14 and 15

Item 5.1 Submission SEM-00-006: Tarahumara

Pursuant to Guideline 10(2), the Secretariat informed the Council on 26 August 2002 that it considers that submission 00-006 warrants developing a factual record. As provided by Article 15(2) of the NAAEC, Council may, by a two-thirds vote, instruct the Secretariat to prepare a factual record on the matter.

DOCUMENTS:

- a) Secretariat's Article 15(1) notification dated 26 August 2002
- b) Draft Council Resolution (to be distributed)

Item 5.2 Submission SEM-02-001: Ontario Logging

Pursuant to Guideline 10(2), the Secretariat informed the Council on 12 November 2002 that it considers that submission 02-001 warrants developing a factual record. As provided by Article 15(2) of the NAAEC, Council may, by a two-thirds vote, instruct the Secretariat to prepare a factual record on the matter.

DOCUMENTS:

- a) Secretariat's Article 15(1) notification dated 12 November 2002
- b) Draft Council Resolution (to be distributed)

Item 6 2003 Council Session

The Alternate Representatives are invited to review and discuss the draft agenda for the 10th Regular Session of the Council to be held on 24-25 June 2003 in Washington, D.C., and exchange views on deliverables.

DOCUMENTS:

- a) Outline of potential agenda items (distributed 5-03-2003) C/03-00/AGEN/01
- b) Draft preliminary general program, Rev. 2 (distributed 20-03-2003) C/03-00/PROG/01/Rev.2
- c) Preliminary program of events opened to the public

(distributed 20-03-2003)

C/03-00/PROG/02/Rev. 2

- d) Timeline for the preparation of the 2002 Session of the Council (distributed 20-02-2002)
- e) Communiqué of 2002 Regular Session

C/03-00/PLAN/02

Item 7 10-Year Review Initiative and Strategic Planning

Following the presentation of the Secretariat's progress report and discussion with JPAC under item 4, the Alternate Representatives may wish to exchange views on the 10-year review initiative and consider adopting Terms of Reference for the Ten-Year Review and Assessment Committee (TRAC).

The Alternate Representatives may also wish to exchange views on the proposed Strategic Planning framework presented by the Secretariat with a view to laying out a path forward.

DOCUMENTS:

- a) Draft Terms of Reference and Council Resolution, revised 6-03-2003 (distributed 7-03-2003)
- b) List of potential candidates for TRAC (distributed 10-01-2003)
- c) Products and timeline for the development of the strategic framework (distributed 17-12-2003)

Item 8 Next sessions of Alternate Representatives

The Alternate Representatives are expected to confirm the date of their next session tentatively scheduled for 15 May 2003, via conference call.

DOCUMENTS:

- a) Schedule of sessions of Alternate Representatives for 2003, as of 19 November 2002 (distributed 9-12-2002)

C/C.01/02-06/PLAN/01

Item 9 Closure of the session

The Chairperson is expected to close the session.

Report of the Acting Executive Director on the Activities of the Commission for Environmental Cooperation

México, D.F.

27 March 2003

This report covers the period from November 2002–March 2003

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1 PROGRAM UPDATE

1.1 Environment, Economy and Trade

1.1.1 Assessing the Environmental Effects of Trade

We are currently receiving more than one thousand visits a day on our web page for our second North American symposium on trade and the environment that will be held in collaboration with UNEP, following a one-day JPAC public workshop on Chapter 11, in Mexico City, from 25–26 March. The symposium should help contribute information for the CEC's ten-year review of NAFTA and the NAAEC, and help UNEP achieve its capacity-building goal with developing countries on trade and environmental linkages. So far 125 people have registered, and we expect many more at the symposium. At least six pairs of representatives from the trade and environmental ministries from six Latin American countries were invited by UNEP to attend the symposium to hear about lessons learned on NAFTA, especially from Mexico, as they continue their trade negotiations on the FTAA and the Free Trade Agreement with the Central American countries. Thirteen papers were accepted for the symposium and cover a range of topics including, among others, a paper on the relationships among climate change, energy subsidies and international trade; and another looking specifically at agricultural production effects of agricultural trade liberalization. Our keynote speakers are Ricardo Melendez-Ortiz, executive director of the International Centre for Trade and Sustainable Development, and (still to be confirmed) Secretary Lichtinger.

To facilitate understanding in North America of the environmental impacts of NAFTA, we published and mailed out, along with a flyer for the March symposium, a short document derived from research presented in the first symposium: *Free Trade and the Environment: The Picture Becomes Clearer*.

Our comparison of environmental standards across North America for intensive livestock operations, done in collaboration with the Law and Policy program, was completed and presented to the Parties. It will now be presented at the symposium. Other work to be presented there includes a displacement study comparing mainstream and organic wheat production in the three North American countries, and a short report on the state of affairs in the environmental assessment of trade agreements.

To conclude our previous work on emerging environmental trends, the final report, entitled *Understanding and Anticipating Environmental Change in North America: Building Blocks for Better Public Policy*, was published in the three languages and posted on the web. It will be sent to the Parties and to interested stakeholders across North America shortly.

10.3.1 Trade in Environmentally-Preferable Goods and Services

The report *In Search of a Sustainable Palm Market in North America* was translated and posted on the web. The background paper, *Market-based mechanisms for Carbon Sequestration, Energy Efficiency and Renewable Energy in North America: What are the options?* will soon be completed and distributed to the Parties for review. Based on comments from the Parties and the

results of the Mexico City meeting on 7 February, (see below) we will expand our work on a few of these mechanisms in the coming year.

We have undertaken market studies for two environmentally preferable products in North America: lead-free pottery (in collaboration with our Children and Health initiative) and sustainable palm demand by North American churches. In collaboration with the OECD's Joint Working Group on Trade and the Environment, and Semarnat, we have prepared a study on the increased demand for environmentally preferable goods and services (both in country and imported) generated by the NAAEC in Mexico. The report will be circulated shortly.

In collaboration with the North American Green Purchasing Initiative (NAGPI) we have produced, and will translate and distribute shortly, a document that compiles various green purchasing activities in North America and documents their environmental impacts. A communications outreach strategy to make these "good stories" better known was developed and will be implemented shortly. Another commissioned report concluded that government green purchasing activities are not likely to run afoul of NAFTA, WTO commitments, nor of preliminary FTAA negotiating positions.

Conservation International, with our financial support, produced a manual to train coffee producers organized in cooperatives to develop their own credit applications. We also co-sponsored, with UNCTAD and ISSD, a brain storming session concerning the coffee crisis on 17–18 February 2003, in which three of the four largest coffee buyers (Nestle, Proctor and Gamble, and Kraft), together with producing and consuming countries coffee associations, were represented. Next steps will be elaborated with our partners.

On 29–31 January 2003, the CEC co-sponsored a session at the Pronatura/TNC IV Congress on land conservation and easement in Cancún to explore similarities and differences in land easements across North America. Potential financial and fiscal mechanisms to protect our shared environment through coordinated land easements will be explored with these partners in collaboration with the Conservation of Biodiversity program area.

1.1.3 Financing in Support of Environmental Protection and Conservation

On 26 February 2003, the CEC partnered with UNEP-FI (North American Task Force), HSBC, PriceWaterHouseCoopers and the American Bar Association to convene a meeting in New York City on disclosure of environmental information in North America, to follow-up on our March 2002 meeting. Over seventy private banking, auditing, rating and regulating organizations participated. This working-level meeting with accounting firms, rating agencies, financial auditors, fund management companies, investment firms, securities exchanges and regulators distilled where and how environmental risks are financially important. Based on sectoral level work, best practices in reporting were developed. Similar work is being pursued in Canada in partnership with Environment Canada, the Conference Board of Canada, NRTEE, and the Canadian Institute of Chartered Accountants—a meeting was held with these stakeholders on 27 February in New York City, following the meeting on the 26th.

The CEC, jointly with UNEP, developed a background paper on recent trends, the current status

and immediate prospects for environment-related investment, including Foreign Direct Investment (FDI); debt; equity; and venture capital investments; and environment-related investments in developing countries, using Mexico as an example. Some of the results of this research were presented at a joint program meeting between JPAC and the Environment, Economy and Trade program area, entitled “Investing in North America’s Future: Innovative Financing for Sustainable Development,” 9–10 December 2002, in Monterrey, Nuevo León, Mexico.

In collaboration with the CEC Communication’s team, a factsheet was prepared describing the Trade in Environmentally-Preferable Goods and Services and Financing in Support of Environmental Protection and Conservation projects of the Environment, Economy, and Trade program.

1.1.4 Exploring Market-Based Mechanisms for Carbon Sequestration, Energy Efficiency, and Renewable Energy in North America

We are exploring key issues related to market mechanisms for reducing carbon in the atmosphere through carbon sequestration, renewable energy and energy efficiency. Consistent with the June 2002 CEC Council Communiqué, we are sharing the first draft of the background paper with the North American Energy Working Group. The final paper, which identifies options for Council action and for further CEC research will be available shortly.

Discussions for collaboration were initiated with the North American Energy Working Group that will be continued at the next sub-working group meeting on energy efficiency.

Two papers on the electricity sector in Mexico (commissioned by the CEC) were presented at the CEC/Conae/Cespedes meeting that took place on 7 February 2003, in Mexico City. The first describes and updates recent changes in foreign and domestic private investment in Mexico’s electricity sectors and explores whether there is any relationship between foreign direct investment in the sector and planned export (or importation) of electricity. The second report describes changes underway, or being proposed, to promote renewable energy in Mexico. It provides information on proposed policy changes affecting renewable energy, and gives examples of innovative renewable energy projects.

A renewable energy meeting was convened in collaboration with Cespedes and Conae, and attended by twelve multinationals (including IBM, DuPont, General Motors, and Nestlé, among others) and a total of 57 participants. The proceedings of this meeting will be posted on the web shortly. The goal of the meeting was to gather companies from the three NAFTA countries that have experience either in purchasing or in producing renewable energy, together with those interested in having their own renewables programs, as well as with policy makers, to examine how renewables can be developed further in Mexico. A survey from Gallup Mexico was commissioned to follow up on a previous survey commissioned by the CEC that evaluated the degree of interest in renewable energy among 100 of the largest electricity consumers in Mexico. The new survey follows the previous survey by asking those companies that showed interest in renewable energy whether they had ever tried to purchase or produce renewable energy and if not, why they had not. The results of this survey were presented at the meeting. Findings included continued interest on the part of large Mexican companies in renewable

electricity, as well as opinions on what these companies thought would have to change to increase the development of renewables in Mexico, namely: governmental production subsidies, demand-side policies like renewable portfolio standards, and more support for the research and development for renewables. For their part, these companies believe that better education of their procurement officials is needed, as well as changes in their own procurement policies. Discussions in the meeting itself reflect the results of the survey, but also involved the importance of power connection agreements and large renewable energy tenders to help promote the use of renewables in Mexico. There was a great deal of interest in tradable renewable energy certificates and talk of the development of a North America-wide accounting system for the environmental benefits flowing from renewable energy.

1.1.5 [Article] 10(6) Environment and Trade Officials Group

In January 2002, a workshop on “precaution” was tentatively set for November 2002, though the Parties now suggest postponing the event to 2003. Two papers focusing on different aspects of the use of precaution in North America, “Precaution in International Environmental Policy and United States Law and Practice” by David Wirth, and “Precaution in the Federal Legislation of the NAFTA Parties” by Kal Raustiala, are published in Volume 10 of the CEC series *North American Environmental Law and Policy*. These are the first two research papers commissioned by the Council as part of its work under Article 10(6). The 10(6) group will meet at the symposium to elaborate themes for a potential joint trade and environment ministerial meeting in 2004.

1.2 Conservation of Biodiversity

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

A fourth draft of the Biodiversity Strategy has been agreed upon by the country chairs of the Biodiversity Conservation Working Group (BCWG). The United States will make this document available for public comment in the *Federal Register*, and a final draft will be produced for Council consideration. The BCWG will have its second meeting the last week of April to review the final draft, first Five-year Action Plan and the Monitoring and Evaluation Mechanism for the Strategy.

1.2.2 North American Bird Conservation Initiative

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

a) NABCI implementation

The implementation of NABCI projects is being addressed by supporting two complementary activities: regional workshops and on-the-ground projects. Both activities have benefited greatly from the active involvement of the NABCI national coordinators, and form a partnership with several governmental and nongovernmental organizations.

As agreed in the 2001 Querétaro NABCI II conference, the initial trinational focus is in Mexico. Hence, the first two of four regional NABCI workshops were carried out in the Yucatán Peninsula and in the Chiapas' mountainous cloud forest. These workshops were primarily aimed at facilitating regionally-based trinational cooperation, by developing a common understanding of shared priorities for bird conservation in Mexico. The workshops have so far triggered initiatives leading to regional coordination among regional government and nongovernmental organizations. The organization of the next two regional workshops, related to the Chihuahuan desert grasslands and the Marismas Wetlands, bordering the Pacific Ocean in Sinaloa, are well underway and will be completed towards the end of March 2003. For each workshop a prospectus has been prepared, jointly with local partners, as an information and marketing tool. In the course of 2003, the national coordinators will use these documents to raise human and financial support for the emerging trinational cooperation agenda related to each region.

Along with the workshops, the on-the-ground phase of NABCI was initiated towards the end of 2002. In collaboration with the NABCI national coordinators, three projects were identified with potential to demonstrate the value of NABCI. Resources allocated towards the implementation of NABCI demonstration projects include a CEC contribution of C\$100,000 from funds carried over from the 2001 budget. These resources greatly magnify the impact of the projects by extending their reach into Canada and/or Mexico. All ongoing projects involve a suite of federal, state and provincial (and some municipal) governmental participants as well as nongovernmental and (in one case) indigenous participation. In general, these projects address bird monitoring, habitat restoration, land-use plans and practices involving municipalities and ranchers, as well as education. The projects link the following areas: southern Ontario with Tennessee and the Yucatán; Saskatchewan and Manitoba with Montana, Chihuahua and Nuevo Leon; and British Columbia and Washington state with Oregon and Chiapas.

b) Status of bird populations of North America

With regard to the use of networks and databases that promote conservation delivery, and as mentioned by the 2002 Council communiqué, three workshops have been organized in Mexico to establish (for the first time) a common assessment of the conservation status of all birds shared by the three North American countries. Organized in collaboration with leading conservation organizations (e.g., Conabio, Conservation International, Cornell Lab of Ornithology, Pronatura), the first two workshops established the criteria to be used at a national scale. The third workshop initiated the regional component to refine the information, in this case for southern Mexico. This promising initiative has the potential to become a foundation for developing complementary North American-wide bird monitoring efforts. Resulting information can become a pillar for state-of-the-environment assessments, understanding links between the status of birds and human and/or ecosystem health.

Other activities include the following:

- Further regional workshops are planned for 2003, to completely cover Mexico's regions and ensure its contribution to the information already generated in Canada and the United states.
- A video on NABCI is currently being made to highlight the human face of bird

conservation and it is scheduled to be ready for presentation at the 2003 Council session.

- *The Auk*, a prestigious quarterly journal of ornithology, recently acknowledged the key contribution of NABCI and the CEC's support of the conservation of birds of North America. (Vol. 119 No. 4, October 2002: 907–913; <<http://www.bioone.org/bioone/?request=get-toc&issn=0004-8038&volume=119&issue=04>>).

1.2.3 Terrestrial Species of Common Conservation Concern

Activities under this initiative pertain to ongoing efforts to build a trilateral strategy for the Central Grasslands of North America, together with projects concerning the recovery of several of the grassland species of common conservation concern. Recent highlights include the presentation of CEC's trilateral framework for grassland conservation and related activities in various regional and trilateral fora. Notably, in September 2002, the CEC co-organized the session on North American Grasslands at the ninth annual conference of The Wildlife Society, as a forum to present the main activities supported by this initiative. Additionally, the recently-held NABCI grasslands workshop (February 2003) aimed at strengthening cooperation at a species and habitat level, offered an opportunity not only to build partnerships among the two CEC-led initiatives (NABCI and SCCC) but also to increase the users of the grasslands information generated by the CEC through the SCCC initiative.

As a complement to cooperative efforts aimed at building the Grasslands Strategy for North America, the CEC is currently supporting the following projects:

a) Mapping of the Black-tailed Prairie dog

The black-tailed prairie dog was selected because of its keystone role in the grasslands ecosystem and the high level of threat throughout its range (from Canada to Mexico). This species currently occupies ca. two percent of its former distribution. The map being developed with CEC's support will integrate for the first time information provided by Canadian, American and Mexican specialists, and provide a comprehensive view of the current distribution of the main colonies of this species throughout North America.

b) Assessment of the links between black-tailed prairie dogs, cattle and grasslands

One of the main reasons for the elimination of prairie dogs is their perceived competition with cattle for grass. This short study is reviewing the state of knowledge on this topic in the three countries, and will eventually inform land use and cattle-growing practices and policies in Mexico, in particular, those close to Janos, Chihuahua—the site of the largest remaining colony of black-tailed prairie dogs in North America.

c) Trilateral monitoring of the ferruginous hawk

The ferruginous hawk's migratory patterns are largely restricted to the grasslands stretching from Canada to Mexico. Identification of wintering and breeding destinations from satellite telemetry will provide information on potential human-caused threats that may limit populations and hawk survival, and is expected to aid recovery substantially and conservation goals throughout North America. The resulting information will provide a foundation for establishing a monitoring system on the species, which will also ultimately contribute towards assessing the state of the

grasslands as a shared ecosystem. This project is being developed in partnership with The Nature Conservancy, Profauna, Canadian Wildlife Service, the US Forest Service and others. Key milestones are as follows:

- In January 2003, two adult hawks wintering in northern Mexico were captured and satellite transmitters were deployed on them.
- In spring, 2003, three more adult hawks will be captured at nesting territories in the Thunder Basin, Wyoming, and in Canada's Grassland National Park.
- Before April 2003, the positioning records will be made publicly available through the Internet.

d) Itinerant exhibition on the importance of grasslands of Janos, Chihuahua

The goal of this exhibit is to promote awareness throughout North America about the importance of grasslands and, in particular, of trinational linkages manifested in the Janos region. This exhibit will feature the work of professional photographers who have donated their work. The opening is tentatively scheduled for the 2003 Council session, and will travel thereafter through the three North American countries.

10.3.1 Marine Species of Common Conservation Concern (MSCCC)

By spring the MSCCC Advisory Group will be building on the species' profiles developed and will begin to organize a trinational meeting of species experts, natural resource managers, and other stakeholders to develop North American Cooperative Action Plans for the first set of MSCCC. Work will continue in the collection and enhancement of information about MSCCC for the North American Biodiversity Information Network (NABIN) marine pilot.

Work will also continue on the SCCC (marine and terrestrial) as well as on the Marine and Estuarine Ecological Regions Mapping book set.

10.3.2 North American Marine Protected Areas Network

a) Increasing capacity of and interaction among MPA conservation stakeholders

For the Fifth Annual International Conference of the Science and Management of Protected Areas Association (SAMPAA) (11–16 May, Victoria, BC) a CEC ad hoc committee has organized sessions around the work of the North American MPA Network to build regional, national and international capacity to conserve critical marine and coastal habitats. During the spring, the committee will continue to prepare for these sessions as well as for the piggyback meeting.

b) Strategic development of a network of MPAs in North America

On 9–10 January 2003 (San Francisco, CA), the CEC organized a technical advisory meeting with key people from each of the three countries to review the progress to date, as well as the steps to be taken before the final workshop to identify Priority Areas for the Baja (California) to Bering Sea region (B2B). The final workshop, planned for the 22–24 April (Simon Fraser

University, Burnaby, BC), will define the priority areas using expert knowledge and information compiled to date. It is being sponsored and organized by the CEC and MCBI.

c) Better monitoring and understanding of our shared marine environment

Led by WCPA-NA-Marine/WWF, a *Working Draft MPA Management Effectiveness Guidebook* has been drafted, and a workshop has been organized to launch the field-testing of the guidebook. Canada, unfortunately, was unable to participate in this workshop. The CEC, however, has facilitated Canada's participation in the field-testing of the guidebook, and the Saguenay St. Lawrence Marine Park will be a pilot site for the indicators developed.

1.2.6 Closing the Pathways of Aquatic Invasive Species across North America

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

1.2.7 North American Biodiversity Information Network

Access to environmental information has been a priority concern for NABIN: by focusing on information related to biodiversity, partner institutions have established successful means to support regional environmental management and monitoring activities. In 2002, the Expert Advisory Committee recommended that the CEC should review its internal information management capabilities, assess CEC needs for GIS support to programs and program integration, and better define NABIN support to the Biodiversity working group. Following those recommendations, a strategic assessment included recommendations in three areas: strengthening CEC's environmental informatics program; defining CEC mapping needs and web support; and clarifying the role of NABIN—including redefining its scope and mandate, and simplifying its structure and governance.

a) The North American Integrated Taxonomic Information System (ITIS-NA):

ITIS-NA partners held their annual meeting in Washington, DC, from January 16-17, 2003. It was recommended that the CEC formalize a user needs assessment as part of an ITIS key business requirement. Other advances were made toward the development of an ITIS vision, 10-year strategic plan and identification of major user requirements. During 2003, the NABIN Expert Advisory Committee meeting will focus on its support to the proposed NABIN action plan for 2003–2005. This process will help major environmental players in North America relate to and utilize biodiversity information. It will also help JPAC and other CEC partners to better understand the value and potential of ITIS as a key component for NABIN.

b) Biodiversity Commons Initiative

The Biodiversity Commons Initiative has identified some of the key potential stakeholders for its

implementation in North America. With NABIN participation, the American Museum of Natural History in New York leads the development of a North American Biodiversity Commons web site that identifies a weighted list of major publishers of biodiversity literature in North America and provides a LIST discussion and forum on a North American Commons. As a part of this effort, an assessment was done on whether such a Biodiversity Commons is feasible for implementation in North America.

c) Collaboration with other national and international initiatives

NABIN has supported other CEC program areas in the integration of existing species and ecoregional information, including the B2B priority identification workshop, the marine ecoregions, NABCI and the grasslands initiative.

To expand NABIN interaction with provincial/state institutions, ongoing regional initiatives, such as B2B, Y2Y and Great Lakes, will be invited to expand their participation in North America, to identify a set of best practices for sharing environmental information. A planning meeting was held in February to identify resources and means of coordination in the Baja to Bering region.

To promote, as much as possible, the implementation of standards for biodiversity information sharing in North America, NABIN has been in coordination with national programs and international initiatives that include, the Canadian Information System for the Environment (CISE), the Canadian Biodiversity Information Network (CBIN), The National Biological Information Infrastructure (NBII), NatureServe, and the Mexican National Commission for the Knowledge and Use of Biodiversity (Conabio). The Trilateral Committee for Wildlife and Ecosystem Conservation and Management, the Inter-American Biodiversity Information Network (IABIN), the Clearing-house Mechanism (CHM-CBD), and the Global Biodiversity Information Facility (GBIF).

1.3 Pollutants and Health

1.3.1 Cooperation on North American Air Quality Issues

On 14 January 2003, the CEC held a workshop in Montreal on Methodologies to Assess Vehicle Exhaust Exposure. About 15 participants from government, academia, and private research institutions in all three North American countries attended the one-day workshop. The main topic of discussion was to seek out common elements for researchers to incorporate into studies of population exposure to vehicle exhaust along major transportation corridors and congested border crossings. The participants proposed a list of elements deserving further investigation, and the CEC is currently discussing a follow-up meeting to expand upon the identified elements. During the November 2002–March 2003 period, the CEC provided funding support to a team of researchers from Harvard University and the Massachusetts Institute of Technology, as well as researchers in Mexico, to perform an occupational exposure study of truck drivers and terminal workers in Mexico routinely exposed to diesel exhaust.

During January and February 2003, the CEC provided support for two meetings on air emissions inventory development in Mexico City. The meetings were organized as part of the Integrated

Program on Urban, Regional and Global Air Pollution: Mexico City Case Study, headed by Luisa Molina and Nobel Laureate Mario Molina. Participants with air emission inventory expertise from all three North American countries attended. The meetings also brought together investigators in the Mexico City Case Study with participants in another CEC-supported activity to develop Mexico inventory information in partnership with the Instituto Nacional de Ecología, Western Governors' Association, and the US EPA.

The CEC has begun planning a fall 2003 meeting on air emission inventories in cooperation with NARSTO, a public/private organization with members throughout North America involved in air pollution research. The meeting will be held 14–17 October 2003, at the University of Texas in Austin. This meeting activity is part of the 2003 CEC workplan, and a meeting announcement and call for papers will be posted on the CEC calendar.

1.3.2 Sound Management of Chemicals

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

The CEC cooperated with the UNEP Chemicals Program, the GEF and 11 other regional “nodes” to prepare the global report on POPs priorities. The objective is to assist developing countries in assembling project proposals for capacity building that will further Stockholm Convention implementation.

The SMOC Working Group held its 14th regular meeting jointly with the North American Pollutant Release and Transfer Register (PRTR) group in October 2002, in Cuernavaca, Mexico. As a result, some potential areas of collaboration between the two groups may arise. A number of other SMOC actions have been launched and advanced:

- The results achieved under the DDT NARAP have begun to be shared among the seven Central American countries to reinforce the implementation of the World Health Organization's Global Malaria Control Strategy.
- A new document on the SMOC and the substance selection processes and a second video on more educational efforts on Mexico's DDT phase-out are in preparation. A series of fact sheets on all the NARAPs are also in preparation, to be used as communication tools for public dissemination.
- Implementation of Phase II of the mercury NARAP continued in 2002, with projects such as the installation of two wet deposition mercury-monitoring sites in Mexico, and linkage of these sites with the National Atmospheric Deposition Program-Mercury Deposition Network. Success of this program is crucial to the NARAP task forces on mercury and

monitoring and assessment.

- The Mercury Implementation Task Force has continued to focus priority on building capacity in Mexico by supporting education and awareness-raising initiatives for health professionals and educators. A CEC supported pilot project to substitute mercury thermometers in a hospital in Mexico has re-started.
- Canada loaned Mexico a mercury air-monitoring instrument (Tekran), and the CEC Secretariat will continue to support the second round of characterization studies on mercury releases and impacts on soil and vegetation in the Zacatecas area.
- Considerable progress has been made in the implementation of the PCBs NARAP, as evidenced by the draft status report now being finalized. A meeting, scheduled for April 2003, will hold the final PCB task force meeting jointly with an EMS workshop for this substance.
- The NARAP on chlordane has now been accomplished. A final report describing all actions taken has been completed and will soon be published. The SMOC Working Group will ask the Enforcement Working Group for its assistance in examining whether illegal transboundary shipments of chlordane are occurring.
- The dioxins, furans and hexachlorobenzene task force has developed the phase I draft NARAP, which is undergoing internal US government review that was to have been concluded in February 2003. The task force should still be able to meet its target of a spring public consultation on a government-approved draft.
- Given statements of concern about lead, a Statement of Mutual Concern was prepared and forwarded to the SMOC Working Group. The Substance Selection Task Force has outlined a schedule for the completion of this process and will request public feedback on its report shortly.
- Actions for establishing the implementation task force for the environmental monitoring and assessment NARAP, forming its Steering Committee and developing the implementation plan are on their way. The composition of this task force will be of six sub-groups that will decide on the necessary monitoring activities for different NARAPs.
- The SMOC Working Group proposed a policy and procedures for phasing-out NARAP task forces.
- The Secretariat has prepared terms of reference to examine strategies for dealing with a broader suite of chemicals in a more timely manner, and will consider how to advance on this thinking.

1.3.3 North American Pollutant Release and Transfer Register (PRTR)

The recent focus of the PRTR project has been on supporting the implementation of a mandatory, publicly accessible PRTR program in Mexico; preparing for the release of *Taking Stock 2000*, slated for publication in April; and contributing to international PRTR initiatives.

Council Resolution 02-05 called for the CEC to provide technical assistance to Mexico to support the achievement of a mandatory and publicly accessible RETC. With supplemental funds made available in September 2002, the CEC, assisted by a Mexico City-based consultant, has been providing technical assistance to the RETC program as Mexico works on revising the

PRTR-reporting format and developing the implementing regulations. Support was also provided for a meeting of the states, organized by Semarnat, on the development of state-level PRTRs. The CEC has also facilitated the involvement of a staff member from the US EPA in an industry-organized training event for reporting facilities on release estimation techniques, which will take place on 26–28 March.

On the international front, the CEC Secretariat has prepared a draft report on development of PRTRs worldwide which will be submitted to the Fourth Session of the Intergovernmental Forum on Chemical Safety (IFCS) in Bangkok in fall 2003. In addition, the CEC participated in an OECD meeting in Japan (4–5 March 2003) to share our experiences with compiling PRTR data on a regional (multi-country) basis. The CEC experience is of particular interest to the OECD at this point in time, given a recent proposal within the OECD to compile comparable PRTR data from countries around the world for selected chemicals of interest.

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

1.3.4 Capacity Building for Pollution Prevention

As of February 2003, Fiprev has granted 48 loans totaling approximately US\$1,150,000. Thus far there has been 100 percent repayment of the financing granted, amounting to around US\$615,000 in capital plus US\$189,000 in interest, as per the schedules of payments. It is estimated that the environmental benefits generated by these projects to date have included a saving of nearly 2,500 tons of chemicals not dumped into runoff waters, and of more than 140,000 cubic meters of water annually. This has implied economic savings for the companies of around US\$1,140,000 each year.

In January 2003 Fiprev had a work meeting with the North American Development Bank (NADB) in San Antonio, Texas, in order to explore the possibility of directing funds from NADB for pollution prevention projects in the US-Mexico border area. Discussions will be further developed next April during the Mexican Pollution Prevention Roundtable that will take place in Naucalpan.

The Mexican Pollution Prevention Roundtable will hold its third working group event on 1 April in Naucalpan, State of Mexico. The event is being organized into five themes¹ and expects the participation of about 150–200 people.

After the CEC Ottawa Council session, several meetings and conference calls of a trilateral group consisting of representatives of the three roundtables and governments have been convened to advance initiatives of common interest, and to take advantage of the capacities of the three organizations. The next meeting will take place on 8 April in Louisville, KY, during the

1 P2 policy; P2 implementation; education and training; P2 tools and; P2 financing.

spring event of the US National Pollution Prevention Roundtable.

The Partnership is at this moment working on three main initiatives: i) workshops are being conducted in the three countries in order to make operational a pollution prevention information network for North America; ii) promotion of environmental management systems in small and medium sized enterprises is being promoted by means of workshops and discussions on limitations and barriers and; iii) pollution prevention capacities are being strengthened in Mexico through the creation of regional pollution prevention roundtables and centers. Additionally, discussions to explore joint work in the North American electronic components industry are now taking place.

1.3.5 Children's Health and the Environment in North America

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

Other activities included: the preparation of a market study on leaded and lead-free pottery in Mexico, in which a sample of 54 micro-industry potters and other relevant actors were interviewed to identify obstacles, challenges and opportunities for advancing the shift to lead-free pottery production; the drafting of a report on the economic impacts of asthma and respiratory disease in children in North America; and the participation of representatives of the secretariat, the Expert Advisory Board, and all three countries in an international consultation on longitudinal cohort studies, held in conjunction with a meeting of the US National Children's Study in Baltimore, Maryland, in December 2002.

Indicators: The CEC is working in partnership with the IJC Health Professionals Task Force and the Pan American Health Organization (PAHO), with input from the World Health Organization (WHO), towards the development of a North American set of indicators of children's health and the environment. A feasibility study was completed in late 2002, and a meeting of the steering group was held on 9–10 December in Montreal to develop recommendations on which indicators to select as well as the implementation strategy. The results of the feasibility study and the steering group recommendations, released in March 2003, will provide a basis for the implementation phase, which will include the compiling (population) of selected indicators by the governments and the preparation of the first North American indicators report, due to be released in early 2004. The project partners have indicated their interest in continuing to work with the CEC during the implementation phase, and PAHO has expressed an interest in sharing the framework that has been developed with other countries/sub-regions of the Americas. In addition to fulfilling an action called for in the Cooperative Agenda, this project will represent the fulfillment of commitments made at WSSD.

Expert Advisory Board: The Expert Advisory Board held a successful meeting in Alexandria, Virginia, on 6–7 February 2003. The first day focused on promoting education and training for

health care professionals on children's environmental health issues, and involved representatives of a number of relevant organizations and the three governments. The board has submitted Advice to Council 03-01 and 03-02, on opportunities for advancing education and training of health care professionals and environmental researchers, and on progress in the implementation of the Cooperative Agenda, respectively. A highlight of the meeting was the chance to welcome the two new board members from Mexico, Dr Alvaro Roman Osornio Vargas and Dr. Mariano Enrique Cebrian Garcia.

Risk Assessment: A North American workshop on children's environmental health risk assessment was held from 19–21 February 2003, in Oaxaca, Mexico. It was organized by the CEC's children's health and the environment initiatives, in collaboration with SMOC and the NAFTA Technical Working Group on Pesticides. More than 100 people from government, NGOs, industry and academia participated in the event. Outcomes of the workshop include recommendations on the need to 'standardize' on a North American basis the risk assessment terminology and to promote a common vocabulary for this highly specialized area of activity. It was also suggested that a follow-up workshop be held to examine risk assessment processes greater in depth by taking two or three specific chemicals and examining them in detail. Further, it was proposed to set up mechanisms to share information on this work among the three countries to enhance efficiencies, and reduce reporting burdens by industry. Finally, it was agreed that it is important to cooperate more closely on risk assessment work among the three countries and to build capacity in the public and private sector on risk assessment processes and new developments.

1.4 Law and Policy

1.4.1 Comparative Report on Environmental Standards

The Secretariat received and incorporated comments from the three countries in the report, "Comparative Standards for Intensive Livestock Operations in Canada, Mexico and the United States." The report will be made final in early March prior to its presentation at the CEC's environment and trade symposium. A draft of the report had been presented in November at the conference, "Responding to Increasing Global Demand for Animal Products" at the Universidad Autónoma de Yucatán and in February at the United States Department of Agriculture's "Agricultural Outlook Forum 2003."

1.4.2 Environmentally Sound Management and Tracking of Hazardous Waste

The Secretariat has finalized the comparative study of the current state of management of hazardous waste and recyclables in North America. As a follow-up step, it is currently developing a scoping paper to help the task force members define the principles, goals and criteria to be used in the development of the next phases of the project, including the development of substantive paper on ESM. A first draft of the scoping paper has been circulated among the group members for comments. Once consensus is reached on it, a detailed work plan will follow for the next stages of the project.

The Secretariat has developed a draft report, entitled, *Crossing the Border, Opportunities to Improve Tracking and Enforcement of Hazardous Waste Shipments in North America*, which is the result of input from the parties at meetings held in Montreal, Puerto Peñasco and Monterrey.

The report will be finalized after further meetings with the governments and interested stakeholders this spring. A final report will be presented to the parties at the Council meeting in June.

1.4.3 Enforcement and Compliance Cooperation

In January, the Enforcement Working Group held a workshop in Washington, DC, on Transboundary Law Enforcement. The workshop identified legal and informal means for enforcing environmental laws where the assistance of another country is necessary. About 90 people attended the workshop, including representatives from several NGOs and law firms. The Enforcement Working Group also began developing a strategic plan and preparing for a June workshop with the Joint Public Advisory Committee at the Council meeting.

NAWEG had its annual capacity building workshop in February in Jalapa, Mexico. This event, part of NAWEG's program activities for 2002, focused on enforcement issues dealing with trade and the illegal harvest of protected plant species. With the participation of over 50 enforcement officers from the three countries, the workshop provided relevant information to participants on law application opportunities to tighten the illegal traffic of plants, technical information and characteristics on the major taxonomic groups of commercial plant species, trends in international trade, and the role of networks in monitoring illegal trade.

1.4.4 Sustainable Use and Conservation of Freshwater in North America

The Secretariat completed its draft options paper on possible projects for the CEC to pursue involving the sustainable use and conservation of freshwater in North America. In October in Albuquerque, the Secretariat presented seven possible options for CEC initiatives. Based on the comments that it received, the Secretariat proposed, at the end of February, two options for further consideration. These options were posted on the CEC web site for public comments (see <<http://www.cec.org/news/details/index.cfm?varlan=english&ID=2526>>). These two projects involve examining: (1) affordable techniques to restore aquatic ecosystems; and, (2) examples of sustainable watershed management practices in North America. A final recommendation will be made to the parties in the spring.

1.4.5 Environmental Management Systems to Promote Compliance and Environmental Performance

There was no activity in this area during this quarter.

2 PROGRAM PLANNING, MONITORING AND EVALUATION

The Secretariat has been actively strengthening CEC's system for program planning, monitoring, and evaluation. This system is proposed to comprise five main elements:

1. A program activity structure linking goals, activities and results;
2. A long-term/five-year strategic plan specifying goals, objectives and key results;
3. An operational plan, renewed annually, laying out all the principal programs, projects and other categories of expenditure, profiled over a three-year timeframe, including

measures of performance and associated budgets;

4. A management approach outlining how the CEC will organize itself to do its work. Specifically it would describe the structure and roles and responsibilities of the various units in CEC; and
5. Ongoing evaluation, monitoring, and reporting procedures for periodic review and appraisal of program and project performance.

The CEC has already initiated a number of support actions:

- the development of new draft program activity structures for the four program areas;
- the conduct of three pilot evaluations (NABIN, SMOC, and the Mexico Office, including its pollution prevention project);
- a review of CEC information holding and management systems;
- a review of communications needs, products and materials;
- the development of a performance-measurement system; and
- a review of the involvement of indigenous people's in CEC work.

It is expected that the ten-year review will provide important direction to the goals the CEC will pursue in the next few years and that will be incorporated into the CEC's planning in the coming years.

A proposed strategic planning framework has been forwarded to the Parties and JPAC to identify key issues to be addressed in the process. In spring 2003, consultation will continue with the Parties and JPAC, with the aim of submitting a final strategic framework for Council's approval in June.

3 ARTICLE 13—Transgenic Maize and Biodiversity in Mexico

The Advisory Group has been formed, the Parties have been informed about the process, an issue summary has been prepared, and the Terms of Reference and outline for the Secretariat Report have been posted for public comments. Periodic updates to the Parties will follow.

4 TEN-YEAR REVIEW OF NAAEC

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

Comments on the proposal have been received to date from Canada and the JPAC. A list of proposed candidates for the Ten-Year Review and Assessment Committee was also submitted at that time for appointment by Council. In addition, a draft resolution defining the terms of reference for the Ten-year Review has been circulated and reviewed by Parties for signature.

5 STATE OF THE ENVIRONMENT REPORT

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

- builds on and incorporates lessons learned from the Secretariat's past SOE experience;
- considers outside experts' and program managers' recommendations;
- acknowledges the Council's support of gathering and sharing high-quality environmental information;
- reflects the CEC's mandate, goals, and achievements, while considering financial constraints; and
- incorporates the ongoing achievements of the work being done on the CEC's Ten-Year Review.

The Secretariat is proposing the development of an SOE report that utilizes OECD indicators as they relate to North America, while highlighting regional indicators that strongly reflect the efforts of the CEC's program areas' major goals and results. A special feature section will be developed to accentuate a topic relevant to the CEC and the North American environment. A design plan approximately 8 to 12 pages in length for the development of the SOE report is in preparation. The plan will establish a logical approach for preparation of the next report, including definition of the scope of technical data content and spatial frameworks for presenting the information. It will address the pragmatic considerations of project management, organization, timing, stakeholder participation, and how best to use current and future CEC-generated data in the report. Further, the plan will consider how best to design the SOE report development process and the report itself in such a way that it integrates ongoing CEC programs and reflects CEC priorities. This will form a framework for producing future SOE reports on a meaningful and consistent basis. This plan is due mid-April 2003.

6 COOPERATION WITH IJC/IBWC

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

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

Thus far, various steps have been undertaken to initiate cooperation in these areas. To date, IJC and IBWC representatives have participated in the JPAC workshop on water and attended the Alien Species workshop. IJC staff also participated in the mercury NARAP workshop in Zacatecas and in the Children's Health and the Environment meeting in Alexandria, Virginia. A full progress report will be prepared for the 2003 Council Session.

In addition, IJC representatives raised a question as to the possibility of a meeting with Commissioners at the next CEC Council Session. Both IJC and IBWC staff will confer internally

and advise the CEC whether there is an interest in this regard.

A draft letter of intent between the CEC and IJC has been reviewed by the Parties and forwarded to the IJC for their consideration.

7 ARTICLE 14 SUBMISSIONS

Eleven citizen submissions are currently active. The Secretariat submitted the final factual record for SEM-99-002 (Migratory Birds) to Council on 21 February 2003. The Secretariat is in the process of developing six other factual records and its current goal is to submit five final factual records (including the Migratory Birds factual record) to Council prior to the June 2003 Council Session.

Two Secretariat recommendations for preparation of factual records are currently pending a vote by Council. The Secretariat is considering whether to recommend factual records for two other submissions. The Secretariat received the fifth and final submission for the year 2002, on 25 November 2002.

The status of the eleven submissions under review as of 14 February 2003 is as follows:

Final factual record submitted to Council:

- 1) **Migratory Birds.** SEM-99-002/*Alliance for the Wild Rockies, et al.* (concerning enforcement by the US of the Migratory Bird Treaty Act against logging operations). Council's vote on publication of the factual record is pending.

Factual records in development:

The following seven factual records are being developed as instructed by Council under Resolutions 01-08, 01-09, 01-10, 01-11, 01-12 (16 November 2001), 02-02 (7 March 2002), 02-03 (17 May 2002) respectively:

- 1) **Oldman River II.** SEM-97-006/*The Friends of the Oldman River* (concerning Canada's enforcement of the Canadian Environmental Assessment Act and the Fisheries Act).
- 2) **Aquanova.** SEM-98-006/*Grupo Ecológico Manglar A.C.* (concerning Mexico's enforcement in regard to the shrimp aquaculture activities carried on by the company Granjas Aquanova, S.A. de C.V. in Isla del Conde, San Blas, Nayarit).
- 3) **BC Mining.** SEM-98-004/*Sierra Club of British Columbia, et al.* (concerning Canada's enforcement of the Fisheries Act against mining operations in British Columbia).
- 4) **BC Logging.** SEM-00-004/*David Suzuki Foundation, et al.* (concerning Canada's enforcement of the Fisheries Act against logging operations in British Columbia).
- 5) **Río Magdalena.** SEM-97-002 / *Comité Pro Limpieza del Río Magdalena* (concerning Mexico's enforcement in relation to wastewater discharges).
- 6) **Molymex II.** SEM-00-005 / *Academia Sonorense de Derechos Humanos and Domingo Gutiérrez Mendivil* (concerning Mexico's enforcement in relation to air quality and

environmental impacts of a molybdenum processing plant).

Council votes pending on Secretariat recommendations for development of factual records:

- 1) **Tarahumara.** On 29 August 2002, the Secretariat informed the Council that the Secretariat considers that submission 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) warrants developing a factual record.
- 2) **Ontario Logging.** On 12 November 2002, the Secretariat informed the Council that the Secretariat considers that submission SEM-02-001 / *Canadian Nature Federation et al.* (concerning Canada's enforcement of section 6(a) of the Migratory Bird Regulations against the logging industry in Ontario) warrants developing a factual record.

These submissions are awaiting Council's vote on whether or not to instruct the Secretariat to prepare factual records.

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

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

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

Historical Background of Submissions

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

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

- Spotted Owl – SEM-95-001/Biodiversity Legal Foundation et al.
- Logging Rider – SEM-95-002/Sierra Club et al.
- Tottrup – SEM-96-002/Aage Tottrup
- CEDF – SEM-97-004/Canadian Environmental Defence Fund
- Biodiversity – SEM-97-005/Animal Alliance of Canada et al.
- Guadalajara – SEM-98-001/Instituto de Derecho Ambiental, A.C., et al.
- Ortiz Martínez – SEM-98-002/Ortiz Martínez
- 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?
- Dermet – SEM-01-003/Mercerizados y Teñidos de Guadalajara, S.A.
- ALCA-Iztapalapa – SEM-02-005/Angel Lara García

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

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

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

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

One submission has been withdrawn by the Submitters:

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

Three 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.
- Metales y Derivados – SEM-98-007/Environmental Health Coalition et al.

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

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

8 PARTNERSHIPS

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

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

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

will begin in mid-2003.

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

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

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

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

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

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

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

As part of the Stockholm POPs Convention, countries are encouraged to work together on a regional basis to implement the Convention. Mexico has selected the World Bank as the implementing agency for the preparation of Mexico's National Implementation Plan. Subsequent discussions among Mexico, the World Bank and the CEC indicate strong support for the CEC to serve as executing agency. This decision recognizes the integrative role that the CEC has played

on persistent toxic substance (PTS) action plans via the SMOC initiative, and the process and institutional infrastructure that have been created to support implementation of this initiative since 1995. The World Bank is also impressed with the quality and comprehensive nature of the work completed to date under the SMOC initiative and would like to see the North American approach to regional cooperation extended as a model to other regions of the globe.

It is anticipated that the World Bank will secure up to US\$2 million for this project.

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

In 2001, the CEC signed an MOU with the United Nations Environment Programme (UNEP) that identifies North America as one region in a global effort to conduct a regionally based assessment of priorities for persistent toxic substances (PTS). A report was prepared in 2002, identifying gaps in information on persistent toxic substances in North America as well as identifying new chemicals of potential concern and setting priorities for action. A meeting of experts was held in October 2002 to evaluate the report and contribute information on priorities for the list of 27 chemicals being reviewed. The report was finalized and sent to UNEP Chemicals in December 2002. This report will be integrated by UNEP Chemicals into a larger, global assessment that is intended to provide the Global Environment Facility with a science-based rationale for assigning priorities for action among chemical-related environmental issues, and to determine the extent to which differences in priorities exist between regions. The Substance Selection Task Force will use information from the North American report to identify possible substances of mutual concern for future trilateral actions, while the Environmental Monitoring and Assessment Task Force can use this report to look at gaps in monitoring in North America. The CEC's commitments to this project have been completed.

9 ADMINISTRATION AND FINANCE

9.1 Financial Resources

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

The financial audit for 2002 commences on 17 March 2003.

The last quarterly report for 2002 was sent to the Parties on 28 February 2003.

9.2 Human Resources

Chantal Line Carpentier has been appointed head of the Environment Economy and Trade program area. The recruitment process for the position of program manager, Environment Economy and Trade has been initiated.

Erica Phipps will be on maternity leave starting on 31 March 2003. Lorraine Brooks has been hired as consultant to handle some of her files. Nathalie Daoust will also be on maternity leave starting 24 March 2003, and Angela Silvaroli will be replacing her for the duration.

9.3 Office Lease

The Parties are being informed at this meeting of the progress on this file.

10 COMMUNICATIONS AND OUTREACH

10.1 Publications and Distribution

Production, promotion and distribution of CEC reports and publications continues to grow. Since November 2002, the Secretariat has completed twelve significant publications, as well as numerous working papers and other documents. More than 14,500 copies of these publications were produced across the three languages, the distribution of which has been greatly amplified by growing use of the CEC web site. During this same time period, there were more documents downloaded (252,810) than visitors to the site.

For its part, the CEC web site and listserv continue to grow and reach wider audiences. From November to January, the web site hosted over 220,000 user sessions and the e-mail list approached 7,000 members. Identifiable visitors were primarily North American, however as many as 20 percent of the CEC site visits came from outside the region—demonstrating both the value of information housed on the site, and the organization's far-reaching appeal.

Since January, the portion of the site dedicated to the second North American Symposium on Assessing the Environmental Effects of Trade (24–28 March) has received close to 1,000 user sessions per day. This elevated number follows specific marketing efforts to promote the symposium, including its listing with online environmental and trade calendars, and the production and targeted distribution of an invitational program to 3,332 contacts. The design of the invitation has been replicated on the CEC web site (www.cec.org/symposium), in listserv messages and event signage, for a consistently branded treatment.

10.2 Press Releases

Since November, the Communications Department has made a series of announcements about the Secretariat's programs and meetings, while continuing to disseminate general information about the Commission and JPAC activities. Highlights include:

7 February 2003

Renewable energy focus of meetings with multinational corporations and government leaders

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

23 January 2003**Maize study terms of reference released for public comment**

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

8 January 2003**CEC's environment fund issues continent-wide call for proposals**

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

6 January 2003**CEC releases discussion papers examining effects of genetically modified corn on Mexican maize**

The Secretariat of the Commission for Environmental Cooperation (CEC) today released a set of discussion papers to launch a formal study on the potential effects of genetically modified corn on traditional maize agriculture in Mexico.

15 December 2002**New report charts NAFTA environmental record**

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

6 November 2002**CEC Council and JPAC sessions set to begin on 23 June 2003**

A date and venue have been confirmed for the Commission for Environmental Cooperation's (CEC) tenth annual Council session and concurrent CEC meetings. On 24–25 June 2003, the Council will meet in Washington, DC, to direct the programs of the CEC and receive public input.

10.3 Article 12(1) Annual Reports

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

In accordance with the agreed upon timeline, the 2000 annual report was released in February 2003. The draft 2001 annual report was submitted to the Parties on 5 March 2003 for their approval by March 17, with a view to releasing it to the public before the end of April 2003. The Secretariat is on track with the production of the 2002 annual report, which should be released to the public prior to the June 2003 Council Session.

11 COUNCIL SESSION

In preparation for the Tenth Regular Session of the Council, to be held on 24–25 June 2003, in Washington, DC, the Secretariat has submitted, for the Parties' consideration, an outline of proposed items for the Council's agenda along with a draft general program, which we hope can be finalized during this session.

The public notice of the meeting and the provisional program of events opened to the public were released on 10 March 2003. The deadline for the public to submit their request for financial assistance and/or to make an oral presentation during the public portion of the Council Session is 21 April 2003.

12 NORTH AMERICAN FUND FOR ENVIRONMENTAL COOPERATION

During the annual meeting of the Selection Committee of the North American Fund for Environmental Cooperation (NAFEC), held in June 2002, 16 projects were granted a total of C\$688,300. Note that NAFEC received approximately 270 proposals in 2002.

This year the grants focused on projects related to renewable energy, energy conservation or energy efficiency, preference being given to projects that built on energy-related initiatives to develop other components of a sustainable economy.

In addition, in an effort to estimate NAFEC's contribution to grantees' capacity for fundraising, the NAFEC staff has gathered information regarding the additional support leveraged during the past three years for NAFEC funded projects. We found that every dollar of NAFEC brings in C\$1.50 to \$2.00 from other funding sources. NAFEC will continue to keep track of this information and will make an update to the Parties.

NAFEC-funded projects continued to be profiled in *Trio*, CEC's quarterly bulletin, offering concrete examples of how the Commission's efforts play out in local community-based projects. Note that NAFEC projects are also publicized in the local press of the grantees. Site visits to evaluate the progress made by some grantees will also be conducted by the end of this year.

Finally, the Joint Public Advisory Committee (JPAC) provided Advice to Council, on 8 March 2002, on the proposed modifications to the *NAFEC Administration and Funding Guidelines* to reflect the current realities of NAFEC and the CEC. The General Standing Committee has just finished reviewing this document.

28 March 2003

COUNCIL RESOLUTION: 03-02

Ten-Year Review of the North American Agreement on Environmental Cooperation

THE COUNCIL:

NOTING THAT January 2004 will mark the tenth anniversary of the *North American Free Trade Agreement* (NAFTA) and *North American Agreement on Environmental Cooperation* (NAAEC);

REAFFIRMING our commitment to undertake a retrospective of the implementation of the NAAEC over the past ten years, including an assessment of the environmental effects of NAFTA, with a view to charting our path for the next decade;

TAKING INTO ACCOUNT and BUILDING UPON the four-year independent review undertaken pursuant to Council Resolution 97-06 as well as other governmental and non-governmental studies that have examined the implementation of the NAAEC; and,

EMPHASIZING the important role of the public in conserving, protecting and enhancing the environment;

HEREBY:

AGREES to the establishment of an independent Ten-Year Review and Assessment Committee (TRAC) to operate pursuant to the attached Terms of Reference; and

WELCOMES the recommendations of the TRAC as a means of informing future implementation of the NAAEC.

APPROVED BY THE COUNCIL:

Jerry Clifford
Government of the United States of America

Olga Ojeda
Government of the United Mexican States

Norine Smith
Government of Canada

Ten-Year Review of the
North American Agreement on Environmental Cooperation (NAAEC)

Terms of Reference

1. Official Designation

Ten-Year Review and Assessment Committee

2. Mandate

Pursuant to Council Resolution 03-02, the Ten-Year Review and Assessment Committee (TRAC) will undertake a retrospective of the implementation of the NAAEC over the past ten years and will provide the Council with a report of its findings. The report will also include an examination of the environmental effects of NAFTA and will provide recommendations to the Council for charting a path for the CEC over the next decade. The report shall be prepared with the input of the Council, the Secretariat, JPAC and a wide selection of organizations and institutions to be determined by the TRAC. The final report shall be delivered to the Council on or before April 1, 2004.

3. Ten-Year Review and Assessment Committee (TRAC) Tasks

- 3.1 Define the scope and goal of the report.
- 3.2 Adopt a work plan and timeline for completing the report.
- 3.3 Solicit comments and submissions from the public, the Council, the Secretariat and JPAC at key stages in the process, including on the draft report and its preliminary recommendations.
- 3.4 Prepare recommendations to the Council for inclusion in the final report.
- 3.5 Make the final report publicly available.

4. TRAC Support

- 4.1 The Secretariat will provide financial support for the operation of the TRAC, consistent with CEC travel policy, and taking into account budgetary constraints.-
- 4.2 The TRAC shall be supported by a consultant(s), selected by the TRAC, who will assist the TRAC in undertaking its tasks, including preparation of the final report for review by the TRAC. Additional consultant services may be used, if required, to provide the TRAC with specialized independent research on matters that will support the preparation of the final report.
- 4.3 The Secretariat may suggest a work plan and a timeline for completing the report.
- 4.4 The Secretariat will provide background material, as may be requested by the TRAC.
- 4.5 The Secretariat will provide interpretation and translation services, as required by the TRAC.

5. Membership

- 5.1 The TRAC will have six members, consisting of two members chosen by each of the three Parties to the NAAEC. The members shall be selected based on their knowledge of trade and the environment or related fields, their familiarity with the NAAEC and the CEC, and their experience in business, academia, or non-

governmental organizations. The members will serve as volunteers and shall act independently of the Parties.

- 5.2 Three members (one from each country) shall constitute a quorum for a TRAC meeting.
- 5.3 The TRAC will select a member to chair the TRAC meetings

Proposed Timeline for the Ten-Year Review of the North American Agreement on
Environmental Cooperation (NAAEC)

Council Resolution Terms of Reference and selection of TRAC	March 2003
TRAC meeting to 1) establish work plan, 2) timeline, and 3) operating procedures	April - May 2003
Progress report to Council	June 2003
Consultant conducts studies and reviews pursuant to work plan	May – August 2003
TRAC meeting to review consultants work	September
Draft Review Report to TRAC	October
Draft Review Report released for public comment	November
Stakeholder consultations on Draft Report	November/ December
Final Review Report to TRAC	March, 2004
Final Review Report submitted by TRAC to Council	April 1, 2004