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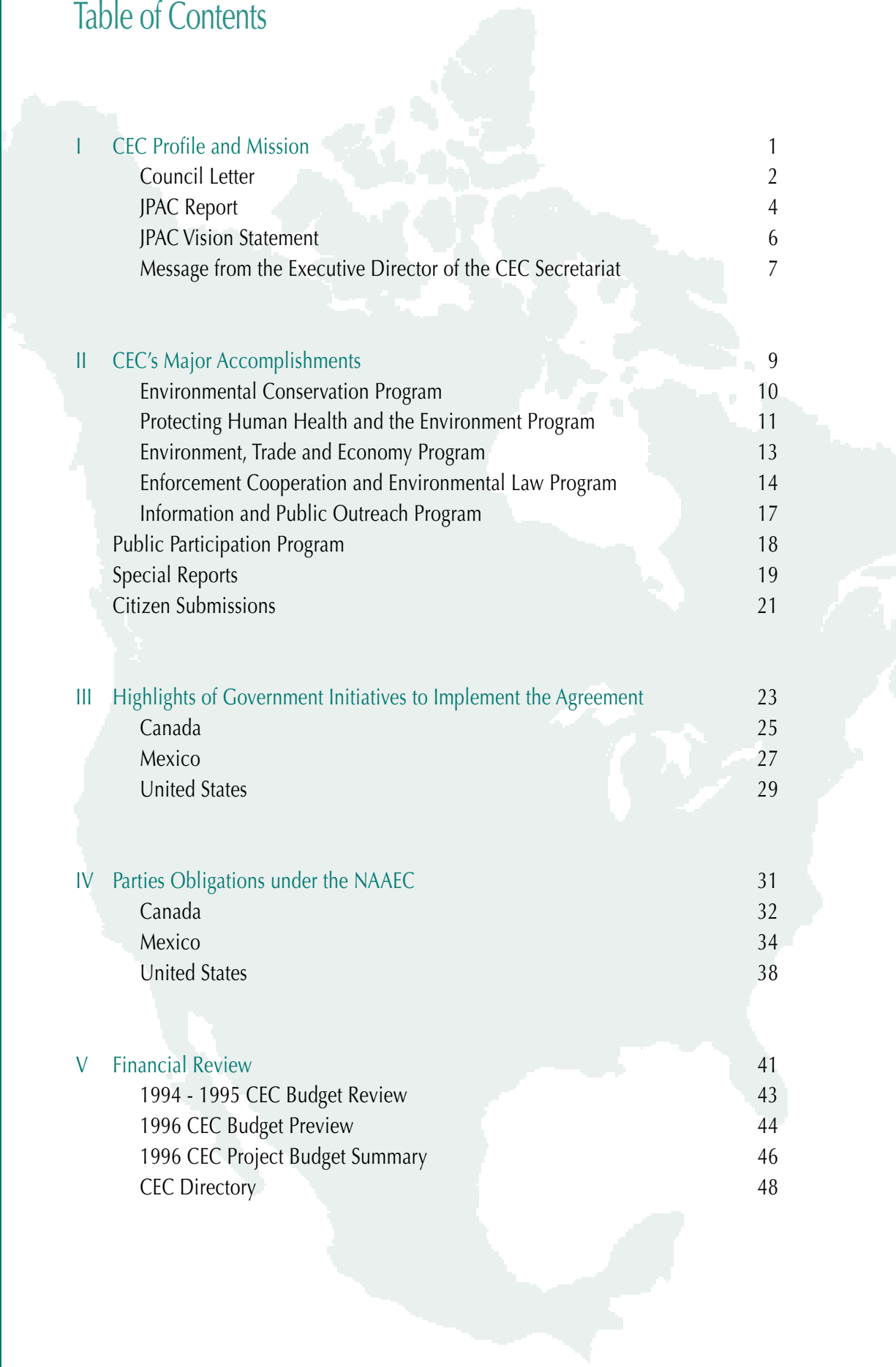


A N N U A L



R E P O R T

# Table of Contents



I	CEC Profile and Mission	1
	Council Letter	2
	JPAC Report	4
	JPAC Vision Statement	6
	Message from the Executive Director of the CEC Secretariat	7
II	CEC's Major Accomplishments	9
	Environmental Conservation Program	10
	Protecting Human Health and the Environment Program	11
	Environment, Trade and Economy Program	13
	Enforcement Cooperation and Environmental Law Program	14
	Information and Public Outreach Program	17
	Public Participation Program	18
	Special Reports	19
	Citizen Submissions	21
III	Highlights of Government Initiatives to Implement the Agreement	23
	Canada	25
	Mexico	27
	United States	29
IV	Parties Obligations under the NAAEC	31
	Canada	32
	Mexico	34
	United States	38
V	Financial Review	41
	1994 - 1995 CEC Budget Review	43
	1996 CEC Budget Preview	44
	1996 CEC Project Budget Summary	46
	CEC Directory	48



# 1995 ANNUAL REPORT

## **Profile**

*The Commission for Environmental Cooperation (CEC) was created by the North American Agreement on Environmental Cooperation (NAAEC) to enhance regional environmental cooperation, reduce potential trade and environmental conflicts and promote the effective enforcement of environmental law. The Agreement, signed by Canada, Mexico and the United States, complements the environmental provisions established in the North American Free Trade Agreement (NAFTA).*

*The CEC consists of three principal components: the Council, the Secretariat and the Joint Public Advisory Committee (JPAC). The Council is the governing body of the CEC and is composed of cabinet-level representatives from each of the three countries. The Secretariat provides administrative, technical and operational support to the Council and is charged with implementing the annual work program. The Joint Public Advisory Committee is composed of fifteen citizens, five from each of the three countries, and advises the Council on any matter within the scope of the Agreement.*

## **Mission**

*The CEC facilitates cooperation and public participation to foster conservation, protection and enhancement of the North American environment for the benefit of present and future generations, in the context of increasing economic, trade and social links among Canada, Mexico and the United States.*



COMMISSION DE  
COOPÉRATION ENVIRONNEMENTALE  
COMISIÓN PARA LA  
COOPERACIÓN AMBIENTAL  
COMMISSION FOR  
ENVIRONMENTAL COOPERATION

Dear Citizens of Canada, Mexico and the United States:

In accordance with obligations under the North American Agreement on Environmental Cooperation, it is our privilege to submit the Commission for Environmental Cooperation's Annual Report for the year 1995.

As Ministers of the Environment of our respective countries, we are committed to working together to conserve and protect the North American environment. At the Second Annual Regular Session of the Commission for Environmental Cooperation in Oaxaca, Mexico on October 13, 1995, we affirmed our commitment to protect, conserve and enhance the environment through signing ground-breaking initiatives on climate change; sound management of persistent toxic substances, including PCBs; principles of transboundary impact assessment; and public access to information.

Ushering in a new era of results-oriented cooperation, we announced other key accomplishments of the Commission's 1995 work program. These included creating maps of North American ecoregions, establishing measures to increase the compatibility of pollutant release inventory information, supporting a cooperative program for the conservation of migratory song birds, and launching several projects improving public access to information, such as an on-line Commission home page on the Internet.

Under Article 13 of the Agreement, the Secretariat established an international scientific panel with the task of examining the circumstances leading to the deaths of migratory birds at Mexico's Silva Reservoir. The panel concluded that the overriding cause of mortality at the Silva Reservoir was botulism and the Secretariat prepared a report to the Council, which included advice to the Council. To provide guidance to the public on how to use Articles 14 and 15 of the North American Agreement on Environmental Cooperation, we approved the *Guidelines for Submissions on Enforcement Matters*, which incorporated important public comments.

As our countries continue to increase economic, trade and social links, the beneficiaries of this enhanced well-being are the present and future generations of our peoples. Only by working cooperatively will we solve North America's most pressing environmental problems. Together, we can make the North American region an environmental example for the rest of the world.

Looking ahead, we recognize the critical role the Commission must play in the development of innovative tools and strategies necessary to address North America's environmental challenges. Further, we believe that the movement toward the shared goal of economic health for all citizens must respect the unique heritage of each country and consequently, environmentally sustainable development. Translating this vision into practical results resides, in part, with the Commission for Environmental Cooperation, and to this effort, we commit ourselves and our national resources.



Sergio Marchi



Julia Carabias



Carol Browner

CANADA  
Minister  
of the Environment

MEXICO  
The Secretary of State  
for the Environment

UNITED STATES  
Environmental Protection  
Agency Administrator



## JPAC Report

The Joint Public Advisory Committee (JPAC), together with the Council of Ministers and the Secretariat constitutes the Commission for Environmental Cooperation.

This is probably the first instance of an intergovernmental agreement integrating an advisory mechanism of independent citizens within the formal structure of an international governmental organization.

The JPAC is composed of fifteen members, five from each of the three countries, appointed by the respective governments. It acts as a single, transnational body. Its members act independently of outside authority. Their responsibility is to provide the Council with their best advice on all matters within the scope of the Agreement.

At its first meeting in Washington, in July 1994, the JPAC adopted the vision statement expressing its mandate and its role. This also represents the goals JPAC set for itself and against which it expects to be judged.

To implement the vision, the Committee has two essential and complementary responsibilities. The first is to provide Advice to the Council and information to the Secretariat. The second is to act as an extension of the Commission to the public; a link between people and organizations interested in the health of the North American environment.

### Advice to the Council

Acting as a single body, the JPAC formulates specific Advice to the Council. This advice is discussed and shaped at the meeting of the Committee and submitted to the Council by its Chair.

In its first year, the JPAC submitted formal advice on eight subjects, ranging from the extension of the NAFTA (which we welcomed, while emphasizing the need for simultaneous accession to the cooperative relationship of the environmental agreement as well as the trade agreement), to providing guidelines for the implementation of Articles 14 and 15 on Enforcement.

At its meeting in Oaxaca in October 1995, Council expressed its appreciation of the Advice provided by the JPAC and its confidence in the Committee. Council requested Advice on the establishment of the North American Environmental Fund, the implementation of the *Report on Migratory Bird Mortality at the Silva Reservoir* and on CEC's 1996 Program, all of which was provided in December 1995, and will be subjects of JPAC's ongoing deliberations. JPAC Advice to the Council is available upon request to the Commission for Environmental Cooperation Secretariat.

### Outreach

It is of great importance to the JPAC that it act in an open way, that it be receptive to all expressions of opinion from the public, and that it take active steps to promote transparency and dialogue. Thus, the Committee decided at its very first session that its meetings would be public, that is, open to any interested individual or organization.

It also decided that it would be important to consult formally with a broader public on important issues and key policy matters. In its first year of activity, the JPAC organized the first formal trilateral consultation on an environmental matter. On behalf of the Commission, the JPAC solicited views from interested public on the procedural guidelines that facilitate representations by non-governmental organizations under Articles 14 and 15 of the Agreement.

In addition to soliciting public comments on the draft procedures, the JPAC worked with the Council to organize the Ministers' meeting with the public at the Commission's Annual Meeting in Oaxaca, Mexico in October.

### The Way Ahead

The Agreement requires the JPAC to meet once a year. However, in its first full year of operation, the Committee has taken a much more active role. With the help of the Secretariat, the JPAC has organized and participated in the first North American consultation. It participated in meetings of the Alternate Representatives of the Council to provide its perspective on policy matters and the CEC's programs, as well as on the organization of the Commission's annual meetings.

The Committee intends to continue as active a role as possible in discharging its responsibilities to provide advice and to reach out. As the Commission learns and benefits from its first year of experience, the JPAC will become an increasingly useful and effective member of this unique and promising institution, the Commission for Environmental Cooperation.



Jacques Gérin, Chairman (1995)



## JPAC Vision Statement

The Joint Public Advisory Committee, which together with the Council of Ministers and the Secretariat comprise the NAFTA Commission for Environmental Cooperation, represents a unique institution charged with seizing an historic opportunity.

The North American Agreement on Environmental Cooperation set a precedent as a formal environmental agreement adopted in parallel with a trade agreement, and the Commission it created also set a precedent by including a public, nongovernmental advisory group as one of its components.

The JPAC was established as a cooperative mechanism to advise the Council in its deliberations and to advise the Secretariat in its planning and activities.

Our vision is to promote continental cooperation in ecosystem protection and sustainable economic development, and to ensure active public participation and transparency in the actions of the full Commission.

While we come from three different nations, and have different institutional connections, we serve on the JPAC as individual citizens of the North American continent, joined in a commitment to preserving and enhancing our common environment and to achieving a sustainable society.

The JPAC will work to provide firm leadership and constructive contributions to build a trilateral model of collaboration, consensus building, and consensus-based results. The JPAC is, in effect, a model for the future in a process which is without precedent, and which presents a great opportunity for cooperative progress.

26 July 1994 Washington, D.C.

### CANADA

T. M. (MIKE) APSEY  
Council of Forest Industries  
President & Chief Executive Officer

MICHAEL E. CLOGHESY  
Centre patronal de l'environnement du Québec  
Président

LOUISE COMEAU  
Sierra Club of Canada  
Climate Change Coordinator

JACQUES GÉRIN  
Hatch & Associés Inc.  
Président

ROSEMARIE KUPTANA  
Inuit Tapirisat of Canada  
President

### MEXICO

JORGE A. BUSTAMANTE  
El Colegio de la Frontera Norte, A.C.  
Presidente

IVAN RESTREPO  
Centro de Ecología y Desarrollo, A.C.  
Director

MARÍA CRISTINA CASTRO  
Coordinación Estatal de Desarrollo Municipal  
Coordinadora General

GUILLERMO BARROSO MONTULL  
Sector Empresarial Mexicano  
Representante

FRANCISCO JOSE BARNES DE CASTRO  
Instituto Mexicano del Petróleo  
Director general

### UNITED STATES

PETER BERLE  
National Audubon Society  
President and C.E.O.

DAN MORALES  
Attorney General  
Natural Resources Division

JONATHAN PLAUT  
AlliedSignal Inc.  
Director, Environmental Quality

JEAN RICHARDSON  
The University of Vermont Environmental Program  
Director, EPIC Project

JOHN D. WIRTH  
North American Institute  
President





## Message from the Executive Director of the CEC Secretariat

The NAAEC partners created the Commission for Environmental Cooperation to level the playing field in a free-trading North America and, at the same time, strengthen environmental protection. Conceived during the NAFTA negotiations and operational since last year, the CEC is still a young organization.

Much has happened in a short time which the NAAEC partners could not have foreseen when the institution was created. Diverse economic, political and social changes in the three countries have brought pressures across North America towards weaker environmental protection standards and relaxed environmental law enforcement. Yet environmental protection and conservation are more important than ever, and are supported by the public in the three countries, along with the governments, non-governmental organizations and many dynamic and forward-looking industries.

The CEC is a powerful tool for result-oriented cooperation and an effective forum for a new way of looking at the protection of both nature and human health. For the first time we are approaching environmental issues not only nationally, but regionally. This means that our actions must correspond to the reality that environmental issues do not respect political borders. The resources we share — including streams, air, oceans and forests — are vital to our health, our livelihoods, and our future. The regional approach also means we must recognize that environmental problems are not unique to any one NAAEC country and neither are the solutions.

At the CEC we are working together to protect our shared resources. We are also working toward improved compliance with environmental laws. Together with the public, we are creating consensus for strategies and concrete actions complementary to those being pursued in each of the three countries. We are learning from each other, from our experiences, from our successes and from our failures. The first full year of this new approach to the environment in North America has already shown results.

Take toxic chemicals as an example. Many of these highly toxic substances threaten the health of citizens in all three countries as they flow freely across the borders — often undetected — through our rivers and streams. Working through the CEC, the NAAEC partners have identified the most dangerous of these pollutants in the three countries and have committed themselves to reducing their emission into the environment. It is clear that alone, we cannot solve the problem. It takes the will, and the cooperation, of all three countries.

One of the by-products of working together is the realization that environmental protection efforts do not contradict our economic goals. In a world of shrinking financial means, pooling our limited resources is a far more strategic investment. We have also learned that by promoting innovation and sharing green technology across borders we are not only boosting environmental protection, but also creating business opportunities and making it more efficient and cost-effective.

The three governments committed this geographic, historic and economic zone to protecting the environment for future generations. This past year we generated the commitment necessary for an environmentally sustainable future. The biggest challenges lay ahead making the tough choices that will lead to lasting results and to a cleaner, healthier environment.



Victor Lichtinger

A handwritten signature in black ink that reads "Victor Lichtinger". The signature is written in a cursive, flowing style.

CEC Executive Director

# CEC's Major Accomplishments

*The CEC undertook an ambitious program of activities in its first full year of operations, introducing cooperative regional initiatives on a wide range of environmental matters. The most promising of these initiatives are continuing in 1996, reflecting a decision to concentrate efforts in those areas which present the greatest opportunities for progress while at the same time avoiding duplication and institutional overlap.*

*The CEC took care to ensure that its activities complement and enhance efforts of others with similar missions. The CEC engaged in extensive consultations to identify priority areas in which its work would augment current activities, as well as to break new ground on matters of continental environmental importance.*

*Staffed by an interdisciplinary team of professionals from each NAAEC country, the Secretariat implemented the 1995 work plan by launching projects in different program areas including:*

- Environmental Conservation*
- Protecting Human Health and the Environment*
- Environment, Trade and Economy*
- Enforcement Cooperation and Environmental Law*
- Information and Public Outreach*

*In addition to the program areas, responding to specific NAAEC obligations was, and will continue to be, an important component of the CEC's operations.*



## Environmental Conservation Program

*Goal: To conserve ecosystem health and integrity and to foster and encourage the conservation, protection and sustainable use of biodiversity and its components.*

### Cooperation on Migratory Birds

Through their annual migration, more than 250 species of song birds link the three North American countries. Due in large part to loss or decline in the quality of habitat throughout their range, populations of several bird species are at risk. The protection of migratory birds is dependent on cooperative efforts among the three countries to protect important habitats along the migration routes.

In 1995, the CEC initiated a cooperative program to identify the important bird areas for non-game migratory birds. The CEC assembled a trinational team of wildlife agencies and citizen groups that are concerned about migratory bird conservation to develop an action program. It will be implemented in 1996.

### Ecoregion Mapping of North America

In 1995, the CEC facilitated the production of a set of ecoregion maps for North America. These ecoregion maps are important tools for scientists and policy makers and provide a common interpretation and understanding of North American geographical and ecological information. They are also a valuable educational tool.

The CEC supported a team of scientists and cartographers from each of the three countries to develop, from geographical information systems, a common basis for classification of North American ecoregions. The maps were developed for two levels of complexity: Level I maps depict 16 ecoregions, and Level II maps depict 51 ecoregions. The maps are available in both printed and electronic formats, and are accompanied by a report on each specific ecoregion and the methodologies used. Level III maps will be produced in 1996.

### Assessment of Conservation Status of North American Ecoregions

Cooperation on the conservation of biodiversity in North America requires an understanding of the conservation status of ecoregions throughout the region. In 1995, the CEC initiated a program to undertake a coarse-scale status assessment of terrestrial ecoregions in North America and an analysis of conservation gaps in the Northern Rocky Mountains and the Sonoran Desert. This initiative, a multi-year project, will provide the basis for identifying priorities for cooperation on the conservation of North American ecoregions.

### Transboundary Water Resources

The CEC initiated the analysis of transboundary water issues in North America at the end of 1995. This project considers the social, political, economic and environmental implications of present water uses in the transboundary water basins in North America, and their impact for future economic growth and social well-being in the border areas. The analysis on the state of transboundary water resources will provide options for improving the management of those resources in the region.

## Protecting Human Health and the Environment Program

*Goal: To facilitate cooperative initiatives to reduce pollution risks and minimize pollution impacts.*

### Cooperation on Limits for Specific Pollutants

The governments of Canada, Mexico and the United States in the NAAEC recognized the need to set appropriate limits to specific pollutants on a cooperative basis to protect human health and the North American environment.

The CEC initiated discussions to implement this provision of the NAAEC. The Council members passed a resolution at their meeting in Oaxaca to develop trilateral action plans on four priority substances, including polychlorinated biphenyls (PCBs). The resolution includes provisions for joint action on the reduction and virtual elimination of persistent bioaccumulative pollutants and for improving capacity for the sound management of chemicals. The Council established an intergovernmental working group to identify three other priority pollutants and develop corresponding regional action plans for submission corresponding to the Council for approval in December 1996.

### North American Pollutants Release Inventory

The Council resolved to produce an annual *North American Pollutants Release Inventory* (NAPRI). The CEC is producing an annual report on pollutant releases and transfers using publicly available information from the national pollutants inventories in each country.

Canada and the United States have pollutant emission inventories in place. Mexico is in the process of developing its own inventory. The CEC focused its efforts on providing Mexico with support for the development of its inventory, and on preparing several draft chapters of the first NAPRI report, including the draft data analysis methodology. The NAPRI report will be published in 1996 and will provide a unique regional perspective on pollutant loading into the North American environment.

### North American Air Monitoring and Modeling

Air monitoring and modeling efforts are essential to track the movement of air pollutants to arrive at valid policy and regulatory decisions and are dependant upon reliable information. The CEC reviewed the status of air monitoring and modeling systems. It also established an Advisory Committee which recommended several key action areas for the CEC 1996 work plan, including promotion of data compatibility, status and quality enhancement of emissions inventories and technology transfer.

### Facilitating Energy Efficiency in North America

The CEC worked to identify the barriers to, and opportunities for improved energy efficiency cooperation in North America. The document, available in 1996, identifies trends in energy markets in the three countries, and highlights specific opportunities for facilitating the flow of technology, know-how and investment. It includes case studies on motor efficiency standards and voluntary programs. Activities in 1996 will be based on this research.

The CEC sponsored Canadian and Mexican participation in the development of a North American Energy Measurement and Verification Protocol. These voluntary guidelines shape energy efficiency projects and encourage new and lower cost sources of financing for energy efficiency improvements.

The CEC initiated an energy efficiency audit program based on extensive consultations and evaluation. A meeting of experts was convened to shape the audit,

### **North American Cooperation on Climate Change and Joint Implementation**

The Council signed a Statement of Intent to Cooperate on Climate Change and Joint Implementation at their meeting in October. The Statement lays the groundwork for joint action by the three countries on information exchange, technology transfer and facilitation of private sector involvement in greenhouse gas emissions reduction activities. The Statement of Intent will guide the work of the intergovernmental working group in 1996. The Council also established an intergovernmental working group to facilitate the exchange of information on climate change and to promote and encourage joint implementation.

### **Environmental Training in North America**

The availability of mutually recognized accreditation of environmental education and training is essential to ensure an adequate supply of trained environmental professionals for industry in North America. The CEC completed an overview of the demand for environmental education and training and the supply of such services in North America. Based on that report, the Commission held a trilateral round table of experts on environmental training and education concluding that a more extensive review of the demand for education and training of environmental professionals in the Mexican small- and medium-sized industry sector be produced in 1996.

### **Cooperation on Pollution Prevention**

Information on pollution prevention trends and opportunities in North America will generate increased cooperation and exchange of technologies and experience among industry and governments in North America. The CEC identified opportunities for North American cooperation on pollution prevention. It also held a round table with private sector and government experts to produce recommendations on the CEC's role in promoting pollution prevention in North America. The experts found that improved access to financial resources was a need of small- and medium-sized industries in North America.

### **Technology Clearinghouse**

Government officials, business and environmental organizations frequently identify the lack of information exchange as a major barrier to successful adoption of environmental technologies by industry. The installation of environmental technologies that have not met local needs, the unnecessary purchase of expensive technologies with high operating costs and the emphasis on pollution control over pollution prevention are some of the results of this lack of information exchange.

The CEC reviewed the information needs of users and potential users of environmental technologies. It included major environmental technology information resources currently available in North America, and the capacity of those resources to meet the needs of current and potential users of environmental technology. It concluded that a clearinghouse mechanism could improve access to information on environmental technologies that are appropriate to the needs of industry and local circumstances.

### **Transboundary Environmental Impact Assessment**

Under Article 10(7) of the NAAEC, the CEC is to develop specific recommendations on transboundary environmental impact assessment. In 1995, the CEC initiated discussions with senior environmental impact assessment officials from the three countries on this important area, leading to the adoption by the CEC Council of the Transboundary Environmental Impact Assessment "Overarching Principles" in October 1995. These principles will be used to inform and guide the discussions conducted in 1996 on the specific topics covered by Article 10(7).

## Environment, Trade and Economy Program

*Goal: To encourage mutual compatibility of trade environmental and economic policies and instruments within, and between, North America and other trading regimes.*

The CEC designed a study to assess the impacts of the NAFTA on the environment in North America. In 1995, experts began to assess the NAFTA's effects on trade and investment, to identify environmental variables and their appropriate indicators and to define the 'connectors' linking the NAFTA-induced economic activity with the specific environmental variables identified. Two background papers that contributed to the initial design of the study are available from the CEC Secretariat.

The NAAEC imposed a dual responsibility on the Parties to support the environmental goals and objectives of the NAFTA, without creating trade distortions or new trade barriers. The NAFTA, taken together with its side accords, is the first trade agreement in the world which addresses environmental concerns in a comprehensive way.

The Secretariat prepared a survey of issues with important environmental components which have been the subject of trade disputes in the past. The CEC also assembled a wide range of perspectives on issues in North America which might become the subject of environmentally related trade disputes in the future and undertook an analysis of the committees and working groups constituted under the NAFTA that are working on trade matters having significant environmental dimensions. A background paper that contributed to this work is available from the CEC Secretariat.

The NAFTA, beyond any other trade agreement, expanded the role for scientific and technical expertise brought before the NAFTA panels, committees and working groups addressing issues with environmental components. For example, the NAFTA permits a panel or any party to a dispute to request that a scientific advisory team be named to support the panel's deliberations. The CEC identified the articles in both the NAFTA and the NAAEC which allow for recourse to environmental advice and expertise to avoid or resolve disputes with important environmental components.

### Assessing Latin American Markets for Environmental Goods and Services

Opportunities are expanding under the NAFTA and the demand for clean, energy efficient technologies is on the rise. Because of Mexico's proximity to other Latin American countries and its similar culture and common language, it is particularly well-positioned to take advantage of existing trade liberalization agreements in Latin American markets, which offer the potential to leverage existing partnerships among the NAFTA countries. The CEC has undertaken a project designed to facilitate partnerships between and among North American environmental technology and service companies to enhance these opportunities. The project will identify specific North American technologies that have been successfully applied in Mexico, detail specific target markets and examine sources of financing for the NAFTA suppliers as well as their Latin American clients.

*Goal: To facilitate the development of law, policy and economic instruments for alternative approaches to compliance, effective enforcement, and to promote greater public participation and transparency in decision making.*

## Enforcement Cooperation Program

The NAAEC imposes a number of obligations on the Parties and the Council to ensure effective enforcement of environmental laws. It also mandates the CEC to foster trilateral cooperation to achieve this goal. The 1995 CEC Program reflects these obligations by designating enforcement cooperation as a program area. Consistent with this direction, the CEC initiated a number of activities in support of the Parties' obligations. A detailed report on each of the Parties' enforcement activities and cooperative initiatives is provided in *Annex I: North American Report on Environmental Enforcement*.

### North American Permanent Working Group on Environmental Enforcement and Compliance Cooperation (PWG)

The CEC established a working group of senior level environmental enforcement officials, the North American Permanent Working Group for Environmental Enforcement and Compliance Cooperation (PWG). The PWG has been mandated to oversee cooperation in joint enforcement training, development of strategy and policy, exchange of expertise and initiation of specific trilateral enforcement and compliance programs. For a detailed report, see *Annex I: North American Report on Environmental Enforcement*.

The CEC also provided administrative and financial support to the PWG and its member agencies. The CEC delivered collaborative programs and initiatives, including efforts to develop consistent indicators of effective environmental enforcement and compliance.

### Enforcement of Pollution Control Laws

Priority initiatives by the CEC with the PWG included support for a seminar series directed at improved compliance with environmental laws by maquiladora industries in Mexico. The seminars focused on environmental auditing information, pollution prevention and other voluntary compliance initiatives. The seminars triggered additional meetings among North American enforcement officials to review government roles and responsibilities in voluntary compliance initiatives, including environmental audits and ISO14000. This cooperative initiative will continue into 1996.

The second priority initiative identified by the PWG was improved tracking of the movement of hazardous wastes across North America and ultimately improved capacity to enforce related laws. The project includes a review of North American laws, policies and practices, as well as exploration of improved compatibility of electronic data systems.

### Enforcement of Wildlife Laws

The CEC facilitated the creation of the North American Working Group on Wildlife Enforcement (NAWEG). The CEC worked with NAWEG in the design and delivery of a series of joint training programs delivered in Mexico and Canada for improved enforcement of the Convention on International Trade in Endangered Species (CITES) in North America by wildlife and customs officials.



In addition to supporting specific training seminars, the CEC is publishing a *Roster of North American Environmental Enforcement and Compliance Training* programs to facilitate shared training opportunities. The CEC continues to serve as an information broker among the working groups and enforcement agencies.

### Survey of North American Experience with Voluntary Compliance

In response to considerable interest expressed by government agencies, regulated industry and public interest organizations, the CEC initiated a comparative study to document the use in North America of voluntary mechanisms for achieving compliance with environmental protection standards and objectives. The project is also aimed at supporting the efforts by the Parties to develop a common framework for effective enforcement. The NAAEC makes specific reference to adoption of voluntary compliance mechanisms as part of each country's framework for effective enforcement.

The study report will document the application of select voluntary compliance initiatives in the three countries, including environmental self-audits, compliance plans, sectoral agreements, and privatization of enforcement programs among others. It will also provide a critical analysis of the current use and application of these alternative mechanisms, assess implications for enforcement obligations of the Parties and share options for more effective use of these measures in North America.

## Environmental Law Program

### Comparative Environmental Law Database

The CEC has made a comparative environmental law database available on the Internet, accessible directly through the Secretariat's home page on the World Wide Web (WWW:<http://www.cec.org>). The database, called the *Summary of Environmental Law in North America* enhances access to environmental legal and decision making frameworks in each of the NAAEC countries and allows users to have direct access to the full text of the laws and regulations available on the WWW, cross-referenced by subject matter in the three official languages of the NAAEC.

### Reciprocal Access to Courts

Under Article 10(9) of the NAAEC, the CEC Council shall consider reciprocal access to courts for transboundary pollution matters, and as appropriate, develop recommendations for such access. The CEC initiated work under that article by identifying a group of experts drawn from the Canadian Bar Association, the American Bar Association and the Barra Mexicana. The CEC also delineated the scope of the work to be undertaken in anticipation of the formal commencement of the project in 1996.

The NAAEC obligates the Council to promote, and as appropriate, develop recommendations regarding public access to environmental information held by public authorities. This is consistent with commitments made by the Parties in such other international documents including the Rio Declaration and Agenda 21.

Two activities were initiated in 1995. The CEC held a meeting of North American experts on access to information which included representatives from government, industry and non-governmental organizations (NGOs). The expert group formulated a *Consensus Report on Essential Elements of Public Access to Environmental Information* (soon to be available on the CEC home page). On the basis of this report, the Council issued Public Access to Environmental Information, Council Resolution No.95-8 recommending to the Parties the following actions to foster enhanced public access to information in their respective jurisdictions:

To identify present laws and practices pertaining to public access to environmental information in the three countries, in accordance with the respective laws of the Parties, and within the scope of work undertaken by the Commission;

To implement actions and initiatives aimed at improving education and communication programs concerning environmental issues and access to environmental information in the respective nations;

To explore ways of facilitating ease of access, affordability and timeliness of obtaining information to which members of the public are entitled, as prescribed by domestic law.

A second associated initiative involves a study documenting North American law, policy and practice on access to environmental information. The study is currently being finalized.

### **Economic Instruments**

The NAAEC Article 2(f) directs the Parties to promote the use of economic instruments for the efficient achievement of environmental goals. This reflects the broadly held view that economic instruments can be very effective in furthering environmental goals in tandem with regulations and enforcement.

In 1995, the Secretariat held a meeting of experts to identify opportunities for the use of economic instruments from a North American perspective and to recommend an appropriate contribution by the CEC. The resulting report documents priority areas and recommends a strategy for action by the CEC to promote the effective use of economic instruments. This report will be available in 1996 on CEC's WWW home page.

## Information and Public Outreach Program

*Goal: To increase public awareness and understanding of the environmental challenges facing the NAAEC partners.*

There is growing recognition in North America that environmental protection efforts require access to quality environmental information and a greater awareness of how environmental issues affect our health, quality of life and livelihoods. Equally important, an informed public can participate more fully in the decision making process. The CEC is meeting the challenge to improve the flow of information and communication across borders and, at the same time, working to close the linguistic, geographic and cultural gaps among the NAAEC partners.

This year, the CEC inaugurated the CEC home page on the WWW of the Internet. The home page serves as an affordable public access point for CEC's electronic resources, including summaries of environmental laws in the three countries, CEC publications, and linkages to other environmental sources and the NAFTA-related organizations. The home page is also where the public can electronically visit the CEC Resource and Public Information Center, a clearinghouse for North American environmental information, including a unique array of serials and monographs on the environment.

The CEC Resource and Public Information Center is located in Montreal at the CEC headquarters. Inaugurated this year, it has quickly become an invaluable tool for researchers and policy makers across North America. Information Center staff will respond to questions on any aspect of the NAFTA and its relationship to the environment. Questions from the public are accepted in English, French and Spanish, in person, by telephone, fax or by electronic mail. Complementary to the Information Center, a multimedia resource center, The North American Center for Environmental Information and Communication, (known by its Spanish acronym CICEANA) in Mexico City is a public access point for environmental information assembled by the CEC. The CICEANA is also the base for trinational media initiatives to support greater public awareness of North American environmental issues.

In keeping with its commitment to delivering state-of-the-art environmental information, this year the CEC developed the North American Integrated Information System (NAIIS). This system will create a regional perspective on environmental issues for educational, demonstration and analytical purposes, at first using geo-referenced data at the state and provincial level and then later, at the municipal levels. Future access to NAIIS via CEC's home page will also enable the public to tap into existing databases and other regional environmental systems at other institutions.

The CEC is also putting the finishing touches on a database which provides the public access to an inventory of transboundary agreements on environmental matters at the local, state/provincial and federal levels. Our review of the data reveals a rich and complex range of environmental management activities across North America. These agreements are the foundation for promoting broader cooperation to improve the management of shared natural resources and environmental protection. The database will be available on the CEC's home page.

## Public Participation Program

The Commission for Environmental Cooperation provides the public in Mexico, Canada and the United States an important opportunity to participate in environmental decision making. It does so through a variety of formal and informal mechanisms, many of which are changing the way the public interacts with environmental authorities across North America. Taken together, these mechanisms enable the public to influence the direction and priorities of the North American environmental agenda. They also ensure the processes established under the NAAEC are open and transparent. Public participation through the CEC will evolve further in the coming year. We are learning by doing and we are looking for new and more effective ways of reaching out to include a larger public.

One of the central avenues for public participation is through the Joint Public Advisory Committee. The members of the JPAC, five from each country, serve on a volunteer basis as advisors to the Council. They do not represent specific constituencies, but rather speak as knowledgeable, independent and concerned individuals. This year, the JPAC held public consultations for the first time. At these consultations — July 31st in Ottawa, August 3rd in Washington, D.C. and August 7th in Mexico City — members of JPAC listened to advice from concerned citizens on proposed guidelines for public submissions under the NAAEC. All the sessions included plenary sessions and round table discussions with over 100 participants from industry, NGOs, academia and government. Using this input, the JPAC was able to develop sound and credible recommendations for the Council. As a result, the Council adopted the *Guidelines for Submissions on Enforcement Matters*, which are now available in the three official languages on the CEC home page, or in hard copy from the CEC Secretariat.

As part of its mandate, the Council of Ministers hold public sessions at its yearly meetings. The first public session was held in Washington, D.C. in July, 1994, when the three governments formally put plans for the CEC in operation. Dozens of environmental and citizen groups from across North America provided their input for the development of the first CEC work plan. The second public session was in October, 1995, in Oaxaca, Mexico. Over 100 participants contributed to round table discussions and a three-hour dialogue with the three environmental ministers.

The NAAEC offers another central avenue for public participation. Under Article 14, citizens have the opportunity to bring *inter-alia* a local or transboundary environmental issue to the attention of a regional body. The public submission process is designed to help citizens spotlight environmental issues relating to effective non-enforcement that most concern them. This year, the CEC received two public submissions.

The CEC is committed to involving the public in its work. Working groups and expert meetings conducted by the Secretariat help the CEC solicit concrete input from the public. At over 75 meetings this year, experts from the private and public sector participate actively in the process of shaping and defining the CEC work program and regional governmental priorities. The Secretariat seeks out these experts through formal and informal mechanisms at regular intervals.

The Secretariat has developed several tools to facilitate the open, transparent and low-cost exchange of information. The CEC Resource and Information Center is a clearinghouse for a vast array of environmental information. The public can access the Center through the CEC home page which is one of the main vehicles for an informal trilateral dialogue being developed by the Secretariat

## Special Reports

In 1995, the *Silva Reservoir Report* became the first report submitted to the Council pursuant to Article 13 of the NAAEC.



Article 13 empowers the Secretariat to make reports to the Council on any matter within the scope of the annual program. The Secretariat may also make reports on any other environmental matter related to the cooperative functions of the Agreement, unless the Council objects by a two-thirds vote to the preparation of such a report.

The *Silva Reservoir Report* was prompted by a water bird die-off incident involving migratory birds. Migratory birds were an important part of the CEC's 1995 work program. In addition, migratory birds have traditionally been a subject of interest for the three member countries, evident in cooperative arrangements such as the North American Waterfowl Management Plan. The different species of waterfowl affected by the Silva Reservoir die-off are a shared resource among the three NAFTA countries and are the subject of extensive protection by international agreements ratified by Canada, Mexico and the United States.

During the winter of 1994-95, between 20,000 and 40,000 birds died at the Silva agricultural reservoir near León in the state of Guanajuato, Mexico. Among the 21 species killed were ruddy ducks, northern pintails, green-winged teals and white-faced ibises. Three non-governmental environmental groups from the United States and Mexico, the National Audubon Society, the *Grupo de los Cien Internacional* and the *Centro Mexicano de Derecho Ambiental*, requested that the CEC report on the mass mortality in accordance with Article 13 of the NAAEC. Based on a series of internal criteria developed to help the Secretariat to decide in which cases to accept requests from the public for Article 13 reports, the Secretariat evaluated the pertinence and relevance of the issue and decided to prepare the report, communicating this decision to the three Parties, the NGOs that requested the report and the public in general. Julia Carabias, Mexico's Minister for the Environment, Natural Resources and Fisheries, welcomed the Commission's participation, saying that, as part of the cooperative process for solving environmental problems, it would be useful for her country and its North American partners.

The Secretariat set up a scientific panel composed of three highly recognized experts from each of the three countries giving it a mandate to gather information and draw the necessary conclusions on the incident at the Silva Reservoir and assist the Secretariat in the development of its report. The International Silva Reservoir Scientific Panel nominated three chairs, one from each country, Joe Carriero (Canada), Linda Glaser (United States) and Jorge Soberon (Mexico). The panelists had expertise in veterinary medicine, waterfowl biology, wildlife toxicology, industrial chemistry, ecology, and watershed management.

Relying on the consensus views of the Panel, the Secretariat's report concluded that the overriding cause of mortality in water birds at the Silva Reservoir was botulism, but that a small percentage of birds may have died of other causes. Birds that may have died of other causes, such as exposure to heavy metal and organic pollutants, could also have triggered a subsequent and larger die-off from an outbreak of botulism. The report noted that many of the conditions in the Silva Reservoir were conducive to botulism outbreaks, including the shallow basin, the fluctuating water levels, the extreme eutrophy (primarily as a result of municipal sewage) and the abundance of algae. The report further noted that the Silva Reservoir, and the Turbio River and its major tributaries, are highly polluted and indicated that industrial pollution — especially chromium pollution — was very evident, both in sediment samples and in the bodies of some of the birds that had died.

The Secretariat, in its report, made nine suggestions for remedial and preventive actions for the Council's consideration. Among these, the Secretariat suggested the desirability for Mexico to develop a national program for wildlife health surveillance for the investigation of, and response to, wildlife disease outbreaks and that this program be coordinated with similar existing programs in the United States and Canada.

The need to fully implement the Turbio River Initiative was suggested to the Council, as well as a number of central actions for recommendation to the Mexican government including a comprehensive clean-up program for the river, the establishment of an independent mechanism that would be broadly representative of all interested stakeholders for monitoring and reporting on the progress and results of this initiative, conducting a comprehensive evaluation of the environmental compliance situation in the area and the design and implementation of a targeted pollution prevention program so as to decrease industrial pollution in a substantial way.

This Secretariat report was made public by the Council at the Oaxaca meeting in October of 1995, and is available in hard copy and electronic format.

## Citizen Submissions on Enforcement Matters

### Articles 14 & 15 of the NAAEC

Any non-governmental organization or person asserting that a Party to the NAAEC is failing to effectively enforce its environmental law may make a submission to the CEC Secretariat on enforcement matters under Articles 14 or 15 of the NAAEC.

In order to provide potential submitters with additional guidance, the CEC has developed *Guidelines for Submissions on Enforcement Matters* under Articles 14 and 15 of the NAAEC.

As well, the CEC established a registry to provide information for any interested organization or person to follow the status of any submission during the process.

The guidelines and the registry are available for viewing and downloading in electronic format at the CEC Web site on the Internet:

(URL: <http://www.cec.org/english/citizen/>)

Hard copies are also available on request from the CEC Resource Center.

In 1995, the Secretariat received two submissions on enforcement matters and issued final determinations in both cases. The following abstract from the registry provides summary information on those submissions.

#### Special Legal Advisers

In 1995 the CEC Secretariat appointed, on an honorary basis, a distinguished panel of Special Legal Advisers to counsel the Secretariat on specific issues arising under Articles 14 and 15 of the NAAEC.

Lic. Carlos Bernal, senior partner in the law firm of Noriega y Escobebo, A.C. in Mexico City, is the appointed Mexican Special Legal Adviser. Lic. Bernal served as a Minister Counselor of the Permanent Mission of Mexico to the United Nations from 1983 to 1989.

Prof. Steven C. McCaffrey, B.A., J.D., Dr.Jur., Professor of Law at McGeorge School of Law in Sacramento, California is the appointed U.S. Special Legal Adviser. Prof. McCaffrey served as a member of the International Law Commission from 1982 to 1991, which he chaired in 1987-1988.

The Honourable Mr. Justice Bryan Williams, Q.C., formerly a senior partner in the law firm of Swinton & Company served as the Canadian Special Legal Adviser until being appointed Justice of the Court of Appeal of British Columbia, the highest court of that province.

## Submission I.D.: SEM-95-001

### **Submitter(s):**

Biodiversity Legal Foundation, Consejo Asesor Sierra Madre, Forest Guardians, Greater Gila Biodiversity Project and Southwest Center for Biological Diversity

**Party:** The United States of America

### **Summary of the Matter Addressed in the Submission:**

Submitters allege that provisions of the *Emergency Supplemental Appropriations and Rescissions for the Department of Defense to Preserve and Enhance Military Readiness Act of 1995 (Rescissions Act)* have resulted in a failure to effectively enforce selected provisions of the *Endangered Species Act*. Specifically, submitters allege that the *Rescissions Act* prohibits the Fish and Wildlife Service from making "final determinations" for species or critical habitat designations for the remainder of fiscal year 1995. Submitters further allege that the *Rescissions Act* rescinds \$1.5 million from the budget allocated to the listing program and prohibits the Fish and Wildlife Service from compensating for the loss from other programs.

### **Name and Citation of the Environmental Law in Question:**

Endangered Species Act, 16 U.S.C. 1631-1544

**Summary of the Response Provided by the Party:** N/A

### **Summary of the Notifications to the Submitter(s):**

Acknowledgment of receipt of submission sent on July 10, 1995.

Secretariat's determination that submission meets Article 14:1 (a-f) criteria.

Sent on July 19, 1995.

Secretariat's determination informing submitters that the Secretariat will not request a response from the Party and will no longer consider the submission provided no supplemental information is received within 30 days [Article 14(2)].

Sent on September 21, 1995.

Secretariat's determination that the new or supplemental information provided by submitters does not merit a review of the Secretariat's previous determination in this matter. Sent on December 11, 1995.

**Council's Decision on the Preparation of a Factual Record:** N/A

**Council's Decision on the Public Release of the Factual Record:** N/A

**Status of the Process:** Process terminated.

## Submission I.D.: SEM-95-002

### **Submitter(s):**

Sierra Club, Alaska Center for the Environment, Ancient Forest Rescue, Friends of the Earth, Headwaters, Hells Canyon Preservation Council, Idaho Conservation League, Inland Empire Public Lands Council, Institute for Fisheries Resources, Klamath Forest Alliance, National Audubon Society, Natural Resources Defense Council, Northcoast Environmental Center, Northwest Ecosystem Alliance, Oregon Natural Resources Council, Pacific Coast Federation of Fishermen's Associations, Pacific Rivers Council, Pilchuck Audubon Society, Portland Audubon Society, Seattle Audubon Society, Southern Rockies Ecosystem Project, Western Ancient Forest Campaign, The Wilderness Society, Earthlife Canada Foundation operating as BC Wild, Environmental Resource Center of Alberta, Centro Mexicano de Derecho Ambiental, Grupo de Los Cien and Red Mexicana de Acción Frente al Libre Comercio

**Party:** The United States of America

### **Summary of the Matter Addressed in the Submission:**

Submitters allege that provisions of the *Fiscal Year 1995 Supplemental Appropriations, Disaster Assistance and Rescissions Act (Rescissions Act)* result in a failure to effectively enforce all applicable federal environmental laws by eliminating private remedies for salvage timber sales. Specifically, submitters allege that the rider in *Rescissions Act 2001(a)(3)* provides that salvage timber sales shall not be subject to administrative review and that the sales shall be deemed to satisfy all federal environmental and natural resource laws.

### **Name and Citation of the Environmental Law in Question:**

All relevant federal environmental laws.

**Summary of the Response Provided by the Party:** N/A

### **Summary of the Notifications to the Submitter(s):**

Acknowledgment of receipt of submission sent by the Secretariat on August 31, 1995.

Secretariat's determination that submission does not meet Article 14:1 (a-f) criteria and that the Secretariat will not request a response from the Party and will no longer consider the submission provided no supplemental information is received within 30 days [Article 14(2)].

Sent on December 8, 1995.

**Council's Decision on the Preparation of a Factual Record:** N/A

**Council's Decision on the Public Release of the Factual Record:** N/A



Highlights  
of Government Initiatives  
to Implement the Agreement





# CANADA

## Highlights of Government Initiatives to Implement the Agreement

In 1995, the federal government of Canada made progress in a number of areas that reinforced Canada's commitments and obligations under the NAAEC.

### Article 2 - General Commitments

#### **Article 2(1)(a) - Periodically prepare and make publicly available reports on the state of the environment**

The third national five-year report, *The State of Canada's Environment - 1996*, is being made available to the public on the Internet.

Fact sheets, other specific reports, and the *Environmental Indicator Series* will be available through Environment Canada's State of the Environment Infobase. Seven indicator bulletins will have been released by the end of 1995/96: Canadian Passenger Transportation (1995); Sustaining Canada's Forests - Timber Harvesting (1995); Stratospheric Ozone Depletion (update-1995); Climate Change (update 1996); Energy Consumption (update-1996); Acid Rain (1996), and Urban Air Quality (update-1996). A number of indicator bulletins will be updated in 1996-97.

#### **Article 2(1)(b) - Develop and review environmental emergency preparedness measures**

In July 1994, the Canada-United States Joint Inland Pollution Contingency Plan was signed, establishing a coordinated and integrated federal response mechanism when an accidental or unauthorized release of a pollutant causes, or could cause, damage to the environment along the shared inland boundary. Regional annexes to implement the Canada-United States Joint Inland Pollution Contingency Plan will be finalized in 1997-98.

The federal government is involved in several environmental emergency preparedness projects on a bilateral basis, such as: a project with Mexico on environmental emergency legislation, risk assessment and response; and a project in the Sarnia/Port Huron chemical valley area in regard to improved mapping capabilities for emergency preparedness.

The Parliamentary committee reviewing the *Canadian Environmental Protection Act* (CEPA) made six specific recommendations relating to environmental emergencies. These include: the establishment of enabling provisions to create a legislative framework for dealing with the environmental aspects of emergencies, site registration and a national spill reporting network. The government response outlines how they could be implemented through *CEPA* amendments and through cooperative agreements with the provinces.

#### **Article 2(1)(e) - Assess, as appropriate, environmental impacts**

The Canadian Environmental Assessment Agency (CEAA) was established in December 1994, and the *Canadian Environmental Assessment Act (the Act)* came into force in January 1995. In 1995-96, CEAA managed five public reviews under the Environmental Assessment and Review Process Guidelines Order, two public reviews under *the Act*, and two under the James Bay and Northern Quebec Agreement. The CEAA leads Canada's efforts to achieve an agreement between the North American Free Trade Agreement (NAFTA) Parties on their mutual obligations regarding assessment of projects with transboundary impacts, as required under Article 10(7) of the NAAFC

### Article 2(1)(f) - Promote the use of economic instruments for the efficient achievement of environmental goals

Canada has a variety of economic instruments in place at the municipal and provincial levels. Use of economic instruments is less evident at the federal level, however some progress is being made. A Task Force was created in 1994 to find effective ways in which to use economic instruments, and to identify barriers and disincentives to sound environmental practices. Several of these initiatives were subsequently included in the 1995 Federal Budget. In addition, a transferable allowance program for methyl bromide control came into effect on January 1, 1995, and a similar program for HCFCs came into effect on January 1, 1996.

### Article 3 - Levels of Protection

The federal government released its response to the *CEPA* parliamentary review, and has proposed revisions to *the Act* based on the recommendations of the review report, which focused on four broad areas: strengthening the commitment to the principles of sustainable development (pollution prevention, ecosystem approach, precautionary principle); ensuring a strong federal leadership role in the management of human health and environmental protection; increased opportunities for public participation in environmental protection and improved regulatory capacity, particularly for toxic substances. The government response is presently undergoing public review.

The Expert Advisory Panel on the Second Priority Substances List (PSL 2) submitted its report in October 1995. The panel reviewed over 600 substances and recommended that 25 of them be added to the list of substances which should be given priority to determine whether they are toxic and should therefore be subject to controls under *CEPA*.

In June 1995, the Minister of the Environment released the *Canadian Endangered Species Protection Act - A Legislative Proposal*. This proposal includes: recognizing the preservation of biodiversity as a responsibility shared by the federal and provincial governments; providing the federal elements of a national framework to protect and conserve endangered species, and providing for regulation of a wide variety of activities respecting federally listed species. This proposal is currently the subject of national consultations.

### Article 5 - Government Enforcement Action

Canada, along with the other NAFTA parties, has been participating in the activities of the CEC Working Group on Environmental Enforcement and Compliance.

### Looking to the Future

For Canada, the CEC is increasingly being seen as an effective forum for addressing environmental issues of regional concern. The resolutions agreed to by the Council at their Oaxaca session in October 1995, are already being translated into regional action plans and strategies. In 1996, we will see action plans on PCBs, DDT and Chlordane, and mercury. We will see agreement on obligations regarding transboundary environmental assessment, as well as the launch of a North American Environment Fund which will promote implementation of the goals of the NAAEC at the grass roots level. In addition, Canada is committed to increasing participation in the NAAEC by its provinces and territories. Alberta became the first province to sign the intergovernmental agreement, and will be formally declared a participant in the NAAEC in spring 1996.

# MEXICO

## Highlights of Government Initiatives to Implement the Agreement

### Examples of future Mexican governmental action with regards to the environment

The following are some of the activities that Mexico is carrying out or plans to implement in the near future.

### Public Information and Social Participation

The annual report on the state of the environment in Mexico was published.

The new Mexican forestry inventory was completed.

*The Secretaría del Medio Ambiente, Recursos Naturales y Pesca* (SEMARNAP) (Secretariat for the Environment, Natural Resources and Fisheries) launched its home page on the Internet.

The Mexico City emission inventory of was published.

A report on the Tepoztlán Golf Club and the Guadalcázar affairs is being prepared and will be made public.

The *Consejos Consultivos Regionales* (Regional Advisory Councils) were created and the *Consejo Consultivo Nacional* (National Advisory Council) was established.

The *Consejo Consultivo para las Áreas Naturales Protegidas* (Advisory Council for Protected Natural Areas) was created.

The revision process of *La Ley General del Equilibrio Ecológico y la Protección al Ambiente* (LGEEPA) (General Ecological Balance and Environmental Protection Act) was initiated. The process includes the participation of the executive and legislative powers.

Four SEMARNAP sectoral programs were published. They address matters relative to forestry and soil, fisheries and aquaculture, the environment and water.

Procedures to handle citizen submissions are in the process of being modified.

With regards to air quality policies, the *Consejos Consultivos Metropolitanos* (Metropolitan Advisory Councils) are being promoted in conjunction with the Federal District authorities.

Establishment and operation of joint protection and surveillance committees.

## Measures Concerning Preparations for Environmental Contingencies

One thousand, three hundred and seventy-eighty volunteer response groups were established.

A working group for border area environmental contingencies is currently in existence within the framework of the *Programa Frontera XXI* (Border Program XXI).

## Environmental Technology Research and Development

The Mexican position in terms of climate change is being prepared.

## Financial Incentives

Financial incentives will be incorporated into environmental legislation and will consist of a system aimed at encouraging producers and consumers to make decisions conducive to environmental protection and sustainable development.

## Evaluation of the Environmental Impact

*La Procuraduría Federal de Protección al Ambiente* (PROFEPA) (Federal District Attorney for the Protection of the Environment) is developing a database containing company and industry statistics to verify compliance with environmental legislation.

The regulations to simplify and systematize reports on the environmental impact were approved.

The implementation of environmental legislation will be sought for every state and every critical region. Legislation will be founded on a technical basis, will have legal, economic and financial backing, will reflect the necessary public consensus, and will be enforced.

A system of public and technical hearings is being developed with regards to environmental impact.

# UNITED STATES

## Highlights of Government Initiatives to Implement the Agreement

The following examples are highlights of United States initiatives to implement the North American Agreement for Environmental Cooperation:

### Article 2

#### Article 2(1)(b)

The National Oceanic Atmospheric Administration (NOAA) began a joint project with Environment Canada on the environmental effects of different clean up measures for oil spills to develop better methodologies for removing oil without causing further environmental injury.

#### Article 2(1)(e)

Since the passage of NAFTA, the United States has participated in efforts to develop recommendations on transboundary Environmental Impact Assessment (EIA) as required by Article 10.7 of the NAAEC. An informal interagency group has met in an effort to better define the policy issues involved in transboundary EIA. Efforts are also being made to collect better data on existing practices and to involve the United States in the effort to address transboundary EIA. The Environmental Protection Agency (EPA) has begun to examine federal pollution statutes as they may pertain to transboundary assessment.

#### Article 2(1)(f)

Under the President's "Reinventing Environmental Regulation" initiative, EPA proposed an open market air emissions trading rule in August 1995 for ozone-creating pollutants which would allow states to apply for approval for open market trading of emissions credit.

A new rule that sets standards based on the Maximum Achievable Control Technology (MACT) allows refineries to engage in certain forms of averaging toxic emissions.

#### Article 2(3)

NAFTA Parties receive notification from EPA about any action taken by the United States to ban or severely restrict pesticides and industrial chemicals which are based on a concern for human health or the environment.

NAFTA Parties (and all governments) now have access to a great deal of historical and current chemical-specific data from EPA on the Internet.

Efforts to develop a legally binding system for Prior Informed Consent (PIC) are proceeding. All NAFTA Parties participate in the Food and Agriculture Organization (FAO)/United Nations Environment Program (UNEP) system of PIC for banned and severely restricted pesticides and chemicals.

EPA made the 1993 Toxic Release Inventory (TRI) data available to the public in March 1995 and the TRI grew in scope as federal facilities began submitting TRI reports for the first time, following an Executive Order from President Clinton.

## Article 3

The EPA issued a number of regulations to implement the *Clean Air Act* (CAA) Amendments of 1990, including:

- a final New Source Performance Standard (NSPS) for prime coat operations at automobile and light-duty truck assembly plants, as well as municipal waste combustors;
- rules which establish an interim federal operating permit program for sources of air pollution that participate in the Early Reductions Program;
- creation of source standards for air emissions from industrial source cooling towers that use chromium-based water treatment;
- under the acid rain program, a rule on nitrogen oxide (NO<sub>x</sub>) limitations for coal-fired utility units;
- a rule enabling combustion sources, including small utility units and industrial boilers, to voluntarily participate in the sulfur dioxide (SO<sub>2</sub>) allowances emissions trading program under Title IV.

## Article 4

As required by section 110(h) of the CAA, EPA noticed the availability of State Implementation Plan (SIP) compilations, in November 15, 1995. SIPs are state rules that are federally approved and federally enforceable. The SIP system has been in place since 1970, and because of multiple revisions to SIPs, it has often been difficult for the public, including sources of air pollutant emissions, to determine exactly what is required by a particular SIP. The SIP compilations are intended to alleviate this problem and to assist state governments and emissions sources as they develop operating permits under Title V of the CAA.

## Article 5

Under the auspices of the CEC Permanent Working Group on Environmental Enforcement and Compliance, EPA, in cooperation with their counterparts in Mexico and Canada, hosted two industry conferences on voluntary compliance and environmental auditing in North America. The conferences explored innovative programs to encourage the practice of environmental auditing to assure compliance and identify pollution prevention opportunities; as well as the emergence of voluntary international standards for environmental management systems (EMS). There were intergovernmental consultations regarding potential future cooperation in this area.



## Parties Obligations Under the NAAEC



# CANADA

## Obligations Under the Agreement



### Article 2 - General Commitments

Environment Canada prepares, and makes publicly available, reports on the state of the environment. The third national five-year report, *The State of Canada's Environment - 1996* will be an in-depth, comprehensive and technologically advanced information base on Canada's environment. Environment Canada also makes available fact sheets and environmental indicators bulletins.

In its commitment to re-orienting education towards sustainable development, to increasing public awareness of environmental issues, and to promoting training, the federal government has assisted in the creation and maintenance of Learning for a Sustainable Future, a multi-stakeholder, non-profit organization, committed to working with Canadian educators to implement learning compatible with sustainable development concepts and principles in all primary and secondary schools in Canada. The federal government has also assisted in the development of the Canadian Environmental Education and Communications Network (EECOM), an informal network of educators and trainers throughout the country who work with both informal and non-formal education structures.

In order to obtain consistent and reliable results from scientific research and to encourage technology development in respect of environmental matters, Canada has participated in meetings among the NAFTA Parties to develop a North American Environmental Quality Assurance Program (NAEQAP). The objectives of the program are: to support the establishment of quality management systems in participating laboratories; to establish comparability of environmental measurements between the NAFTA countries; to enhance technical capabilities through training and technology transfer; to promote the development and production of reference materials; and to develop a communication network between environmental laboratories in North America.

*The Canadian Environmental Assessment Act (the Act)* is the statutory basis by which the Government of Canada undertakes an environmental assessment of projects requiring federal action or decisions. *The Act* applies when a federal authority proposes a project, grants money or any other form of financial assistance to a project, grants an interest in land to enable a project to be carried out, or exercises selected regulatory duties such as issuing permits or licenses specified in regulation. *The Act* also applies to selected physical activities specified in regulation. Under *the Act*, there are four types of environmental assessments: screening, comprehensive study, mediation and panel review. According to the transboundary provisions of *the Act*, the Minister of the Environment has the authority to refer a project directly to a mediator or panel, if the Minister believes that the project may cause significant adverse transboundary effects in cases when the project would otherwise not trigger *the Act*.

Canada established the Canadian Environmental Assessment Agency (CEAA), whose mandate includes: providing advice to the Minister of the Environment, promoting sound environmental assessment practices, designating class screening reports, facilitating public review and comment on comprehensive study reports, and supporting reviews by environmental assessment panels and mediators initiated under the Act.

The federal government is committed to using economic instruments, as a complement to the traditional regulatory and voluntary approaches. The Parliamentary Committee reviewing *CEPA* recommended that enabling authority for the use of economic instruments be included in *the Act*. The government response to the Committee stated that: 1) tradable permit systems, deposit refund programs, and financial incentives should be incorporated into *CEPA*, or other federal statutes; and 2) proposals for environmental taxes and charges would be recommended to the Minister of Finance for consideration.

Since December 1992, the Toxic Substances Export Notification Regulation has been a part of *CEPA*. These Regulations address the requirement to notify the authority in importing countries of impending shipments of toxic substances that have been severely restricted in Canada's commitment to the London guidelines for the exchange of information on chemicals in international trade under United Nations Environment Program (UNEP).

### Article 3 - Levels of Protection

The Department of the Environment's responsibility for the protection of the environment and of wildlife resources subject to federal jurisdiction are founded upon five key pieces of legislation: The *CEPA*; the pollution prevention provisions of the *Fisheries Act*; the *Migratory Birds Convention Act*; the *Canadian Wildlife Act*, and the *Wild Animal and Plant Protection and Regulation of Interprovincial and International Trade Act (WAPPRITA)*. Regulations have been in place for many years under the authority of all but *WAPPRITA*, for which regulations will be released in 1996.

The federal government released the Toxic Substances Management Policy in June 1995. The policy is the centerpiece of the federal government's position for dealing with toxic substances from both domestic and international sources. It has two key management objectives:

- virtual elimination from the environment of toxic substances that are persistent, bioaccumulative, and anthropogenic (Track 1)
- life cycle management of other substances which do not meet the criteria for Track 1, to prevent or minimize their release into the environment.

### Article 4 - Publication

Canada publishes or otherwise makes available its laws, regulations, procedures and administrative rulings of general application to matters covered by the NAAEC. Canada also provides persons with a legally recognized interest under its law with the appropriate access to administrative, quasi-judicial proceedings for the enforcement of its environmental laws and regulation. In addition, under *CEPA* there is a pre-publication requirement for proposed regulations. Subsequent to publication in *Canada Gazette Part I*, there is a 60 day comment period prior to publishing in *Canada Gazette Part II*.

### Article 5 - Government Enforcement Action

(see Annex I: North American Report on Environmental Enforcement)

# MEXICO

## Obligations Under the Agreement



### Article 2 - General Commitments

The Secretaría del Medio Ambiente, Recursos Naturales y Pesca (SEMARNAP) (Secretariat for the Environment, Natural Resources and Fisheries), through various channels, fulfils its commitment to report periodically on the state of the environment. Since June 1992, the *Instituto Nacional de Ecología* (INE) (National Ecological Institute) has prepared a detailed biannual report on the state of the environment in Mexico. Recently, a new national forest inventory was completed. It provides information on areas affected by deforestation, fire, insect and disease infestations, weather, agricultural practices, and grazing, as well as on open forests. In process, is a report containing an evaluation of the state of the country's environment. This report is being prepared by the Organization for Economic Cooperation and Development (OECD) and will be available on the Internet. There also exists a quarterly report on the general status of ecological balance and protection of the environment, called the *Gaceta Ecológica* (Ecological Gazette), published by the INE. These reports are made available for public consultation at branch offices of the Secretariat, as well as in universities, educational and research centres, ecological organizations, and so forth.

Regarding contingencies like fire, hurricanes, atmospheric chemicals or resource impacts, there are actions to limit authorizations for the change in land use, increase the level of monitoring in the most severely affected areas, improve fire detection methods, hire specialized firefighting aircraft, increase the number of firefighting brigades, offer training in firefighting and control techniques, build fire breaks, improve detection techniques and implement appropriate safety measures. Existing programs include an environmental contingency program for air pollution in metropolitan Mexico City, the Inter-Institutional Program for Occupational Safety and Health and Environmental Protection, the Accident Prevention Program of the Committee for Analysis and Approval of Accident Prevention Programs and the National Centre for Accident Prevention. In all cases, SEMARNAP is involved in coordination with the appropriate agency.

A General Directorate called *Centro de Educación y Capacitación para el Desarrollo Sustentable* (CECADESU) (Centre for Education and Training for Sustainable Development), which was established by SEMARNAP, has established diploma courses in universities, technical schools and other environmental centres. It has also signed agreements with these institutions for the mutual interchange of information, cooperated in a program for environmental education, and signed an agreement of cooperation with the *Secretaría de Educación Pública* (Department of Public Education) to reach all levels of primary, secondary and higher education. Nationally, at institutions of higher education, it has also provided training courses and workshops in environmental impact, biodiversity, sustainable development of natural resources, and pollution prevention and control. In addition, CECADESU, as part of UNEP, is completing an environmental training program for Latin America and the Caribbean region. It is participating in the drafting of teaching material such as the book, *Hacia una Estrategia Nacional y Plan de Acción de Educación Ambiental* (Towards a National Strategy and an Environmental Education Action Plan), and has participated jointly in bi-national training courses for civil servants with Finland and the United States.

*La Procuraduría Federal de Protección al Ambiente (PROFEPA)* (Federal District Attorney for the Protection of the Environment) has distributed laws, maps, posters and other material dealing with environmental legislation throughout the country. It has offered training to deputy state representatives, environmental workshops, state forums on municipal environmental management, seminars and training courses for environmental promoters, as well as inter-institutional programs with *Secretaría de salud (SSA)*, *Secretaría de educación pública (SEP)*, *Instituto Mexicano del seguro social (IMSS)*-*Secretaría del trabajo y previsión social (STPS)* and *Instituto nacional indigenista (INI)*.

A number of bilateral activities for fighting forest fires, tree planting and the sustainable management of forest resources were undertaken with the United States. A program for education and dissemination of information in the field of sustainable development of natural resources is being established with Canada.

SEMARNAP has a number of research centres and works closely with university centres and educational institutions. *Instituto nacional de investigaciones forestales y agropecuarias (INIFAP)* (National Research Institute on Forestry and Farming) is one such institution that deals with forest research. *Comisión Forestal de América del Norte (COFAN)* (Forest Commission for North America) functions at the trilateral level. Bilateral cooperation in technology and research development for sustainable management of woods and forests is being done with the United States, Canada, Finland, Germany and Japan. There are also a number of air pollution programs such as the Monterrey-World Bank research into mobile sources, the study of atmospheric pollution in Mexico City and the *Registro de emisiones y transferencia de contaminantes (RETC)* (Pollutant Release Inventory) project study for Tijuana.

Mexican law mandates the performance of environmental impact assessments in addition to the required licenses or permits that are issued by PROFEPA, INE, and/or its state representatives. Currently, environmental impact assessments are required in all areas of the environment.

At present, there are three types of economic instruments in effect:

1. Payment of duties for the use of, or benefit from, national waters, or for the use of, or benefit derived from, goods in the public domain, such as the sewage system and water purification plants.
2. Commercial permit system: the official standard of Mexico, *Norma Oficial Mexicana (NOM) 085* applies to fixed emission sources of emission which use fossil fuels in any combination; establishes the maximum permissible atmospheric emission levels for smoke, particulates, sulphur dioxide, nitrous oxides and the requirements and conditions for the operation of indirect heating or combustion equipment.
3. Presently a joint implementation study for the Chiapas highlands is being completed. It would create a new plan which would offer indigenous communities the opportunity of earning income by tending the forests and reforesting other areas.

## Article 3 - Levels of Environmental Protection

SEMARNAP has at its disposal three organizations to dictate environmental protection levels and to observe them. These are the *Instituto Nacional de Ecología* (INE) (National Environmental Institute), *La Procuraduría Federal de Protección al Ambiente* (PROFEPA) (Federal District Attorney for the Protection of the Environment) and *La Comisión Nacional del Agua* (CNA) (National Water Commission).

INE is charged with establishing technical standards at levels based on the recommendations of its experts. PROFEPA has the mandate to inspect, monitor and receive complaints from the general public. It is responsible for the formulation and guidance of the national policy and in environmental matters and stimulating compliance with the law. The CNA has technical and standard setting authority only for water.

Mexican environmental legislation consists of *La Ley General del Equilibrio Ecológico y la Protección al Ambiente* (LGEEPA) (General Ecological Balance and Environmental Protection Act) and other laws that regulate such matters as hunting, fishing, etc. All the environmental laws, regulations and technical standards are in force to protect natural resources, the environment and ensure their better management. They provide environmental agencies with the power to undertake inspection and monitoring visits, ensure compliance with legal requirements, enforce safety measures and apply the appropriate sanctions when necessary. Environmental authorities can also call upon the police to assist them in their duties.

The criteria to determine administrative sanctions and safety measures vary according to the specific legislation at hand. It may vary from a fine, to the seizure of products and equipment, and may even result in the revocation of the franchise, permit, or authorization, or even bring about permanent closure. The aforementioned administrative sanctions are independent of those laid out in the Penal Code. The latter describes certain actions as crimes, and provides for sanctions ranging from fines to incarceration, in addition to requiring compensation for damages and injury brought about by the misuse or abuse of natural resources.

## Article 4 - Publication of Legislation

Some of the relevant publications for announcing legislation include *El Diario Oficial de la Federación* (Official Diary of the Federation) and *La Gaceta Ecológica del INE* (INE Environmental Gazette). In the case of the NOM, the law on Meteorology and Standardization establishes a 90-day period for the public to make comments on proposed NOM bills and to convey them to the appropriate authority for consideration. A new environmental law is currently being drafted by the legislative, executive, non-governmental and academic sectors.

## Article 5 - Government Enforcement Action for Environmental Legislation

PROFEPA is the authority charged with enforcement of environmental law, and therefore works closely with other departments of the Secretariat to ensure its administrative and judicial enforcement. PROFEPA is responsible for inspectors; monitoring compliance with the law; investigating suspected violations; on-site inspections; seeking assurances of voluntary compliance and obtaining compliance agreements; releasing non-compliance information to the public; issuing bulletins on enforcement procedures; promoting environmental audits; requiring record keeping and reporting as part of the

PROFEPA also encourages the use of mediation and arbitration services; it also promotes the use of licenses, permits and authorizations in forestry, fishing, ecotourism, fish farms, flora and fauna, waste water disposal, etc. SEMARNAP representatives monitor the proper compliance of these standards in their area of jurisdiction throughout the country. Some of the sanctions may go so far as to incarcerate the violator, set injunctions, close down facilities and clean up the pollution.

Collaboration with the **Secretaría de Hacienda y Crédito Público** (SHCP) (Department of Finance and Public Credit) and with the **Departamento del Distrito Federal** (Department of the Federal District) is required for searches, administrative detentions and seizure of goods, as well as for the payment of fines for violations.

The Federal Environmental Authority works closely with state authorities to set up Environmental State Inspection and Monitoring Committees appropriate to the various resources.

## Article 6 - Private Access To Remedies

In compliance with LGEEPA, PROFEPA has investigated events which were the subject of complaints or allegations made by individuals and attempts to remedy them. Likewise, the *Ley Federal de Procedimientos Administrativos* (Federal Law on Enforcement Procedures) states that the parties involved, upon initiation of administrative procedures to investigate an infraction, shall receive notice so that they may defend themselves in judicial process. It also provides recourse in cases of non-compliance which, depending on the path followed, may lead to the withdrawal of legal counsel.

Public reporting of infractions has been successfully used by the community on a number of occasions. It is closely associated with the right of access to information.

## Article 7 - Procedural Guarantees

One of the most important procedural guarantees is to be found in the *Ley General de Procedimiento Administrativo* (Federal Law on Enforcement Procedures) dealing with right of recourse in cases of non-compliance. These must be withdrawn by the superior of the appointed legal counsel, which in this case is the District Attorney for the Protection of the Environment.

# UNITED STATES

## Obligations Under the Agreement



### Article 2 - General Commitments

The National Oceanic and Atmospheric Administration (NOAA), through its Hazardous Materials and Response Assessment Division, provides the primary scientific advice to the federal On-Scene Coordinator during spills in navigable waters. NOAA prepares the environmental portions of oil and hazardous materials contingency plans to improve the effectiveness of response measures and has continued to refine map ranking areas according to their environmental sensitivities to oil. Recently, NOAA began a joint project with Environment Canada on the environmental effects of different clean-up measures to develop better methodologies for removing oil without causing further environmental injury.

Under the *National Environmental Education Act* of 1990 (*NEEA*) [Public law 101-629], EPA is moving forward with international environmental initiatives that 1) explore the sponsorship and management of an international exchange among the NAFTA parties, teachers and other educational professionals involved in environmental programs and issues [Sec. 5(b)(4)] through a grant to the Environmental Education and Training Partnership, a consortium of environmental education organizations and universities and 2) continue to sponsor design and demonstration projects that foster international cooperation in addressing environmental issues and problems involving the NAFTA parties [Sec. 6(b)(4)]. To date, EPA has provided over \$450,000 in grant monies for such educational projects.

To ensure consistent, comparable, and reliable environmental and natural resource assessments among the NAFTA parties, the National Institute of Standards and Technology (NIST) and NOAA are developing a collaborative NAFTA Quality Assurance Program with Canada and Mexico. The objective of the program is to ensure that data generated in one country would be comparable to that of the others.

The application of economic instruments at the federal level has been most effective in the area of air pollution control. Examples of federal initiatives include: 1) proposed "Open Market Trading" rules that let facilities find the most cost-effective method of air pollution control by allowing them to create, sell, and purchase emission reductions. The hallmark of these rules is that emissions reductions may be sold and purchased separately over time, which allows for greater trading flexibility; and 2) expansion of the Toxic Release Inventory to include over 600 chemicals and chemical categories. Due to industry's desire to maintain positive public relations and their increased awareness of wasted resources in the form of releases and transfers of valuable chemicals, the TRI has greatly reduced the release of TRI substances.

In 1995, EPA experienced delay in data collection and policy development for transboundary assessments as a result of the federal budget impasse. However, the United States provided the government of Mexico with an Environmental Impact Statement (EIS) and invited comment regarding a proposed municipal waste landfill on the Campo Indian Reservation adjacent to the United States-Mexico border in California. The United States Department of State invited Mexican participation on a Programmatic EIS on impacts in the United States of future permit actions for new bridges between the United States and Mexico.



## Article 3 - Levels of Protection

The United States record on compliance with the obligations in Article 3 is uneven. Legislation enacted in 1995 suspended or otherwise weakened portions of United States environmental protection laws. For example, in the air quality area, specific legislation rescinded EPA's rule making initiatives to promulgate ground-level ozone and carbon monoxide federal implementation plans for portions of the state of California.

The "Hutchinson Amendment" of the *Emergency Supplemental Appropriations and Rescissions for the Department of Defense to Preserve and Enhance Military Readiness Act (the Rescissions Act)* rescinded \$1,500,000 from the amounts available in fiscal year 1995 to the United States Fish and Wildlife Service to determine whether a species should be declared "endangered" or "threatened" or whether an area should be designated "critical habitat" under the *Endangered Species Act (ESA)*. It also prohibited compensating for the loss of funds by transferring funds from other programs or using other funds appropriated under the same heading as the funds that were rescinded. Although the Hutchinson amendment did not amend the *ESA*, it suspended implementation of portions of the *ESA* governing new listings of "endangered" or "threatened" species or new designation of "critical habitat," until after October 1, 1995. Note: This issue was raised in a NAAEC Article 14 submission, however the CEC Secretariat did not request a response from the United States government.

The United States' record in meeting Article 3 is more positive with respect to regulatory developments, than with legislative developments. EPA issued *Clean Air Act (CAA)* rules in late 1994 and in 1995 that are based on maximum achievable control technology (MACT) for specified hazardous air pollutants (HAP) emissions from the following source categories: solvent cleaning machines; commercial sterilization and fumigation sources; bulk gasoline terminals and pipeline breakout stations -- major subcategories of the gasoline distribution network; magnetic tape manufacturing operations; chromium electroplating and anodizing tanks; epoxy resins and non-nylon polyamide resin manufacturers; secondary lead smelters; petroleum refineries, including collocated marine tank vessel loading operations; aerospace manufacturers; marine tank vessel operations not collocated with refineries; wood furniture manufacturers; solid waste incinerators and surface coating operations at shipbuilding and repair facilities. EPA estimates that implementation of the rule providing MACT standards for surface coating operations at ship building and repair facilities alone will reduce baseline emissions of HAPs in the United States by 24% or 350 tons per year.

On January 24, 1995, following a petition process initiated in the Northeast Ozone Transport Region (OTR), which extends from Maine to Northern Virginia, EPA promulgated a rule that requires further reduction of new motor vehicle emissions. EPA determined these reductions are necessary to mitigate the effects of air pollution transport and to bring non-attainment areas in the OTR into attainment (including maintenance) of the National Ambient Air Quality Standard (NAAQS) for ozone.

## Article 4 - Publication

In December 1995, EPA published a final rule expanding the opportunities for public participation in the permit process of the *Resource Conservation and Recovery Act (RCRA)*, the United States Federal statute that governs the generation, transport, treatment, and disposal of hazardous waste. The rule requires applicants for permits to hold public meetings prior to application submittal and requires EPA to issue a public notice upon receipt of an application. The rule also gives EPA the authority to require permit applicants and permitted facilities to establish information repositories that are accessible to the public.

## Article 5 - Government Enforcement Action

(see Annex I: North American Report on Environmental Enforcement)

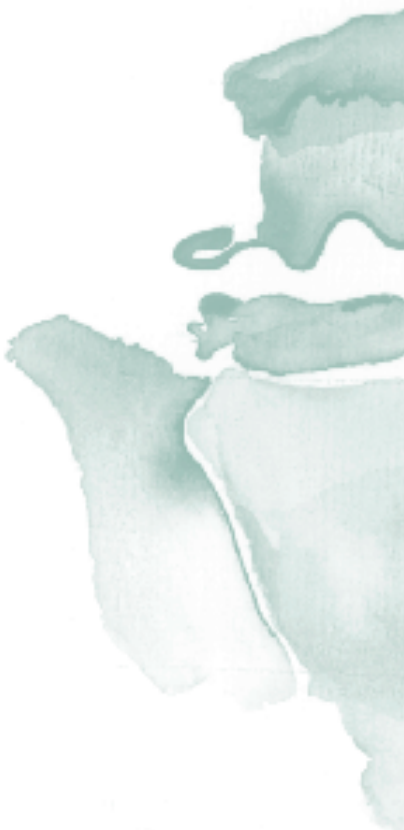
## Article 6 - Private Access to Remedies

The United States' record on ensuring private access to remedies for violation of domestic environmental law as required by Article 6 is mixed. The Hutchinson Amendment to the *Rescissions Act* suspended portions of the *ESA* relating to new listings of "endangered" or "threatened" species, or new designation of "critical habitat" until after October 1, 1995. This suspension potentially affected public participation under the *ESA*, because the *ESA* enables any interested person to initiate the listing process and to ensure that the Secretary of the Interior designates "critical habitat" for endangered species as required by the statute.

Similarly, the Logging Rider, which is another portion of the *Rescissions Act*, provides expedited procedures for timber salvage sales from public lands through, among other measures, limiting or eliminating public recourse to judicial and administrative review of specified governmental decisions and agency action. It restricted access to private remedies for actions that could constitute (at least absent other requirements of the Logging Rider) a violation of United States environmental protection and natural resource conservation statutes such as the *ESA* or the *National Environmental Policy Act (NEPA)*. Note: This issue was raised in a NAAEC Article 14 submission, however; the CEC Secretariat did not request a response from the United States government.

In the area of hazardous waste site remediation, EPA has begun to expand public participation to involve community representatives in the entire clean-up process under both the *RCRA* Corrective Action Program and *Comprehensive Environmental Response, Compensation Liability Act of 1980 (CERCLA)*. These measures broaden public participation beyond the existing requirements of United States law, such as public hearings and public notice and comment, that may apply to hazardous waste site remediation.

# Financial Review





# 1994-1995 CEC Budget Review

Under Article 43 of the North American Agreement on Environmental Cooperation, each Party is required to contribute an equal share of the annual budget of the CEC. At its first regular session in July 1994, the Council approved the Financial Rules of the CEC. The financial year of the CEC corresponds to the calendar year.

The launching of the Commission took place in the latter part of 1994 with a \$2,161,303 U.S. budget approved by the Council. Most of the expenses in 1994 were directed towards the installation and other start-up costs of the Secretariat at its headquarters in Montreal. Council approved the carry over of unused funds of \$1 million U.S. to budget year 1995. Under Rule 7 of the Financial Rules, a Financial Statement was prepared and audited by external auditors. The audited 1994 Financial Statements can be found in the back pocket of this report.

For 1995, the Council approved a \$10,615,000 U.S. budget which is detailed in Figure 1. An audited Financial Statement for the 1995 financial year will be available shortly. On an indicative basis, Figure 2 shows the 1995 financial expenditure distribution.

## 1995 Budget

- 49% Work Programs and Project Implementation Fund
- 38% Operating Expenses\*
- 7% Translation & Interpretation
- 5% Council - JPAC
- 1% Contingency Fund

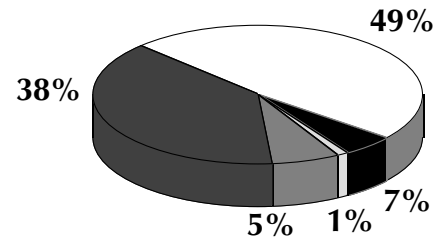


Figure 1 1995 Budget

## 1995 Expenditures

- 47% Operating Expenses\*
- 46% Work Programs and Project Implementation Fund
- 4% Council - JPAC
- 3% Translation & Interpretation

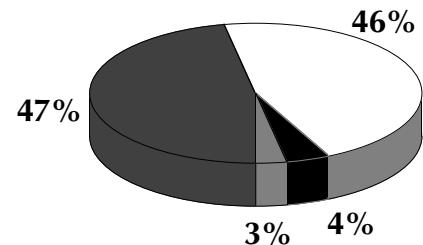


Figure 2 1995 Expenditures

\* Includes:

- Salary & Benefits (Includes Levy Adjustment)
- Relocation & Orientation
- Travel Including Accommodations & Meals
- Professional Development
- Accounting / Audit / Legal Services
- Corporate Professional Fees
- Temporary Help
- Accommodation
- Office Equipment & Supplies
- Telecommunications
- Corporate Publications / Printing
- Hospitality

# 1996 CEC Budget Preview

## **Budget**

In 1995 a great deal of energy and resources were devoted to the development of the various components of the Commission and its management policies and procedures. As evidenced by the structure of the program, 1996 presents a different operational reality. With much of the scoping of the program activities completed in 1995, the fully-staffed Secretariat can decentralize the budget enabling the program managers to employ the most appropriate resources to achieve their respective mandates while still being held accountable for results. The budget structure has thus been realigned to reflect this reality.

The budget comprises the following items:

- Program Implementation
- Specific Obligations Under NAAEC
- Common Operations
- Departmental Operations
- Contingency Fund

## **Program Implementation**

The specific main program areas, programs and their respective projects have been described in previous sections of this document. The budget elements for projects have been standardized and made to include all direct costs associated with the projects such as staff travel, meetings, professional fees, temporary help, translation, editing and printing of reports.

## **Specific Obligations Under NAAEC**

Although they are not included under program implementation these activities will be funded and administered in a manner similar to that employed for projects.

## **Common Operations**

These elements support the CEC as a whole. The major entry under this item remains salaries and compensation reduced proportionally as compared to 1995. The generic Corporate Translation, Editing and Printing budget element covers corporate CEC products including electronic data and postings on the CEC Home Page.

## **Departmental Operations**

This is a completely restructured budget element to reflect the concept of Cost Centers. Council, JPAC, and each of the main components of the Secretariat are Cost Centers and will be budgeted utilizing the same rubric where applicable: Business Travel; Professional Fees; Temporary Help; Translation; Interpretation; Rental of Facilities; Printing and Publication; Technical Editing; Hospitality (including receptions) and other miscellaneous costs (teleconferences, messengers, special equipment and supplies).

## **Contingency Fund**

The amount, reduced substantially from that of 1995, is set aside for unforeseen needs.

### 1996 Budget - General

Description	Amount (U.S.\$)
<b>Total Program Costs:</b>	<b>5,045,000</b>
1) Program Implementation	4,362,000
2) Specific Obligations Under NAAEC	683,000
<b>Common Operations:</b>	<b>3,525,000</b>
1) Salary & Benefits	2,690,000
2) Relocation & Orientation	60,000
3) Professional Development	30,000
4) Accommodation (Montreal & Mexico)	40,000
5) Office Equipment & Supplies	120,000
6) Telecommunications (Montreal & Mexico)	135,000
7) Corporate Translation / Editing / Printing	340,000
8) Assets	110,000
<b>Departmental Operations:</b>	<b>1,485,000</b>
1) Council	170,000
2) Joint Public Advisory Committee (JPAC)	120,000
3) Office of the Executive Director	158,000
4) Directorate (#1)	98,000
5) Directorate (#2)	98,000
6) Communications	195,000
7) Mexico Liaison	38,000
8) NA environment fund Coordination & Administration	185,000
9) Corporate Services	423,000
<b>Contingency Fund</b>	<b>200,000</b>
<b>Total:</b>	<b>\$10,255,000</b>

### 1996 Budget - Summary

Description	Amount (U.S.\$)
Total Program Costs	4,362,000
Specific Obligations under NAAEC	683,000
Common Operations	3,525,000
Departmental Operations	1,485,000
Contingency Fund	200,000
<b>Total:</b>	<b>\$10,255,000</b>

### 1996 Revenues

Description	Amount (U.S.\$)
Party Contributions	9,000,000
Credit from 1995 (Max: 5% of Budget)	530,000
CEC Levy	650,000
Interest on Short Term Investments/Others	75,000
<b>Total:</b>	<b>\$10,255,000</b>

# 1996 CEC Project Budget Summary

## Environmental Conservation Program

### **P96-01 Habitat and Species**

- 96.01.01 Cooperation in the Conservation of North American Birds  
Budget: \$67,000
- 96.01.02 Plant Biodiversity Inventory and Information Network for North American Forest Ecosystems  
Budget: \$77,000
- 96.01.03 Maps of North American Ecoregions  
Budget: \$71,000
- 96.01.04 Cooperation on the Protection of Marine and Coastal Area Ecosystems  
Budget: \$100,000
- 96.01.05 Non-Governmental Participation in Conservation of Protected Areas and Adjacent Land Holdings  
Budget: \$105,000

## Protecting Human Health and the Environment Program

### **P96-02 Reducing Risk**

- 96.02.01 Sound Management of Chemicals  
Budget: \$522,000
- 96.02.02 North American Pollutant Release Inventory (NAPRI)  
Budget: \$364,000
- 96.02.03 North American Air Monitoring and Modeling  
Budget: \$158,000
- 96.02.04 Science Liaison, Cooperation and Coordination  
Budget: \$67,000
- 96.02.05 Transboundary Environmental Impact Assessment (TEIA)  
Budget: \$249,000

### **P96-03 Climate Change and Energy Efficiency**

- 96.03.01 Energy Efficiency Cooperation  
Budget: \$138,000
- 96.03.02 North American Cooperation on Climate Change  
Budget: \$330,000
- 96.03.03 Climate Change and its Potential Impact on Transboundary Water Resources in North America  
Budget: \$119,000

### **P96-04 Capacity Building**

- 96.04.01 Environmental Education and Training  
Budget: \$166,000
- 96.04.02 Capacity Building in Environmental Management in Guanajuato  
Budget: \$104,000



## Environment, Trade and Economy Program

### **P96-05 Trade And The Environment**

96.05.01 NAFTA Environmental Effects  
Budget: \$214,000

### **P96-06 Technology Cooperation**

96.06.01 Technology Clearinghouse  
Budget: \$24,000

96.06.02 Pollution Prevention Cooperation  
Budget: \$224,000

### **P96-07 Economic Instruments**

96.07.01 Economic Instruments for Migratory Songbird Habitat Protection  
Budget: \$67,000

## Enforcement Cooperation and Environmental Law Program

### **P96-08 Enforcement Cooperation and Law**

96.08.01 Cooperation In Environmental Enforcement  
Budget: \$478,000

96.08.02 Reciprocal Access to Courts (RAC)  
Budget: \$67,000

96.08.03 Dialogue on Environmental Law  
Budget: \$58,000

## Information and Public Outreach Program

### **P96-09 North American GreenLane**

96.09.01 CEC Database Development  
Budget: \$239,000

96.09.02 North American Integrated System For Environmental Management  
Budget: \$91,000

96.09.03 CEC Resource Center  
Budget: \$143,000

96.09.04 North American Environmental Awareness Initiative  
Budget: \$120,000

**Total: \$4,362,000**

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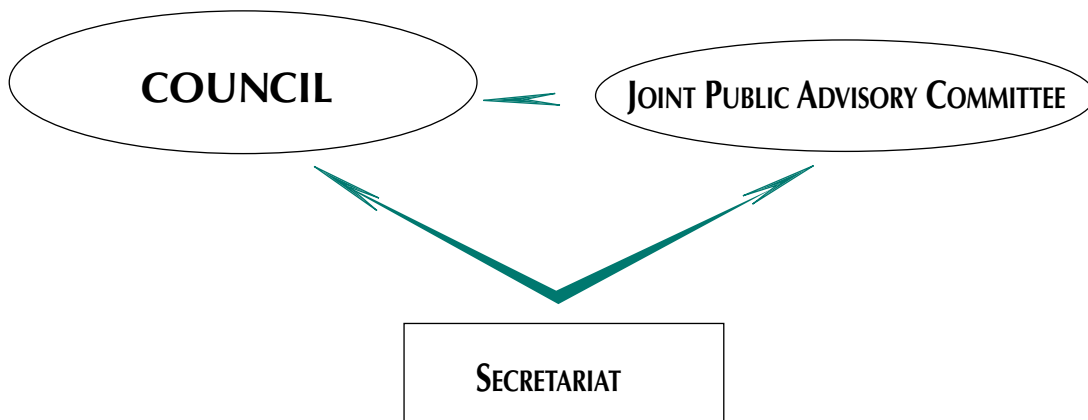
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