

Annual Report 2006

**Commission for
Environmental Cooperation**
of North America



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.

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CEC Ministerial Statement

Thirteenth Regular Session of the CEC Council

Washington, DC, 28 June 2006—We, the environment ministers of Canada, Mexico and the United States, members of the Council of the Commission for Environmental Cooperation (CEC or “the Commission”), met for our annual Regular Session on 28 June 2006, to reaffirm our commitment to the North American Agreement on Environmental Cooperation, to a healthier environment in the region, and to set a course for the coming year.

We approve of the progress that has been made under the CEC’s three strategic pillars: Information for Decision-Making, Capacity Building, and Trade and Environment.

Along with our cooperative work program, we note the important work that the Secretariat is undertaking with the upcoming Article 13 report, *Green Building in North America: Opportunities and Challenges*, and with citizen submissions pursuant to Articles 14 and 15 of the North American Agreement on Environmental Cooperation (NAAEC).

Information for Decision-Making

The CEC’s long-term goal is to support better decision-making by providing information on the key environmental challenges and opportunities facing North America.

Specific initiatives discussed today will strengthen the capacity of government, scientific and private sectors to understand North American environmental issues of common concern. Notably, we applauded the addition of data and other refinements to the CEC’s online North American Environmental Atlas.

We also note significant progress toward an environmental information framework for North America as we look forward to Mexico’s first data from its mandatory pollutant release and transfer register (PRTR) (*Registro de Emisiones y Transferencia de Contaminantes*—RETC) that will be published later this year. This marks a milestone toward our long-term commitment to comparability of North American PRTRs and will enhance the ability to assess this information on a regional basis.

Capacity Building

We renew our commitment to strengthen capacities in our three countries to manage environmental issues of common concern by sharing what each of us does best.

Today we marked progress toward our five-year objectives to improve compliance with wildlife laws, to enhance private sector environmental performance, and to strengthen our cooperative ability to assess and manage chemicals of concern.

Specifically, we note the success of our initiative to improve environmental performance and competitiveness of small and medium-size businesses in Mexico. This initiative has helped international companies and their local partners generate economic savings and environmental benefits by “greening” their supply chains.

Following a decision by Council to expand CEC involvement with the private sector, we have determined to work in partnership with the North American automobile sector to promote enhanced environmental performance throughout its supply chains.

We applaud the support of federal, state, and university personnel in each of our three countries who have assisted us with training and knowledge to enhance the capacity of wildlife management authorities and others working at the local level in Mexico to manage habitats and conserve marine and terrestrial species of common conservation concern.

Trade and Environment

The CEC's goal is to promote policies and actions that provide mutual benefits for the environment, trade and the economy. We acknowledge the ongoing collaboration of our trade and environment officials to increase our capacity to identify and address trade-related environmental concerns, to broaden understanding of trade and environment linkages, and to improve regional and national coordination.

In particular, we acknowledge the progress of our energy experts to promote development of the North American renewable energy market with the attendant security, environmental, and social benefits that renewable energy provides.

We applaud the progress of the CEC project that seeks to protect North America's marine, freshwater and terrestrial ecosystems from the harmful effects of invasive alien species. We anticipate these efforts will help inform the public and all levels of government as they identify priority ecosystems and design mitigation measures. The success of these efforts demonstrates the effectiveness of the strategy adopted in 2005 to guide our work on trade, environment and the economy.

We look forward next year to the participation of civil society and the private sector in the fourth North American Symposium on Assessing the Environmental Effects of Trade, which will focus on the services sector.

Sound Management of Chemicals

We have directed the SMOC Working Group to move toward the realization of a strategy for the sound management of chemicals in North America, to address issues of mutual concern, to support our priorities and advance the Parties' shared international objectives, and to do so in an open, inclusive, participatory, and transparent manner.

We are pleased to have met with our Joint Public Advisory Committee and to have received their input on such matters as increasing the involvement of indigenous and local communities in the work of the CEC. We also appreciate the contributions of our respective advisory committees, including the newly formed national advisory committee from Mexico. We have important work ahead of us and invite all our partners to join us in building a cleaner, healthier, and more sustainable North American environment for future generations.

The CEC was established by Canada, Mexico and the United States to build cooperation among the NAFTA partners in implementing the North American Agreement on Environmental Cooperation (NAAEC), the environmental side accord to the NAFTA. The CEC addresses environmental issues of North American concern, with particular attention to the environmental challenges and opportunities presented by North America-wide free trade. The Council, the CEC's governing body, is composed of the federal environment ministers (or equivalent) of the three countries, and meets at least once a year. The Council members are Canadian Environment Minister Rona Ambrose, Mexican Secretary for Environment and Natural Resources, José Luis Luege Tamargo and US Environmental Protection Agency Administrator Stephen L. Johnson. The Joint Public Advisory Committee (JPAC) is a 15-member, independent, volunteer body that provides advice and public input to Council on any matter within the scope of NAAEC.

For more information on any of the topics reviewed by Council, visit <http://www.cec.org>.

Cooperative Achievements

1. Introduction

The CEC was created in 1994 under the North American Agreement on Environmental Cooperation (NAAEC or Agreement) signed by Canada, Mexico and the United States as a side-agreement to the North American Free Trade Agreement (NAFTA). As part of its mandate under the NAAEC, the CEC addresses regional environmental concerns in North America, helps prevent potential trade and environment conflicts, and promotes the effective enforcement of environmental law. A Council composed of cabinet-level environmental officials from each of the three Parties to the Agreement governs the CEC. A fifteen-member Joint Public Advisory Committee (JPAC) acts as an independent advisor to the Council on any matter within the scope of the Agreement. The CEC Secretariat is located in Montreal and has a liaison office in Mexico City. It is headed by an executive director who oversees programs fostering cooperation on different North American environmental regimes, a unit that processes citizen submissions on enforcement matters, and the development of independent Secretariat reports on North American environmental issues.

This report provides an overview of activities in 2006 under the cooperative work program as well as in the Submissions on Enforcement Matters (SEM) Unit. The report also covers JPAC activities. Up-to-date information regarding CEC activities is available online at <<http://www.cec.org>>.

The Council voted on approving CEC funding for 2006 in March and, in May, approved the 2006 Operational Plan. In September, the CEC welcomed Felipe-Adrián Vázquez-Gálvez to a three-year appointment as the new executive director of the Secretariat. Mr. Vázquez-Gálvez came to the CEC from Mexico's Ministry of Environment and Natural Resources, where he held the post of deputy minister for management of environmental protection.

2. Current Projects

a) Conservation of Biodiversity

In June 2003, following extensive collaboration among governments, nongovernmental organizations and indigenous people, and recognizing the contribution of the public and the CEC's Biodiversity Conservation Working Group, the CEC Council adopted a Strategic Plan for North American Cooperation in the Conservation of Biodiversity, noting this as a landmark of cooperation among their countries to protect their shared environment. To further the goals of the Conservation of Biodiversity Strategic Plan, in 2006, the Secretariat worked to promote 1) cooperation for the conservation and maintenance of North American regions of ecological significance; 2) conservation of North American migratory and transboundary species and other species; and 3) integrated monitoring and assessment to increase understanding of the state of North American biodiversity. This work produced several important results. The CEC hosted a trinational marine protected areas monitoring workshop in Ventura, CA in February. In April, the CEC held a workshop in Newport, OR on mapping the terrestrial ecoregions of North America Level III. The fifth annual Biodiversity Conservation Group Meeting took place in San Diego, CA in May. A trinational experts meeting on aquatic invasive species was held in Orlando, FL in November to fine tune and further develop the trinational risk assessment guidelines for the plecostomus and suckermouth catfish. As part of the implementation of the North American Conservation Action Plans, workshops were held in Mexico to train fishermen in safe handling practices for de-hooking and disentangling leatherback turtles. Satellite tracking was used to assess population movements and habitat use by wintering pink-footed shearwaters. An assessment of humpback whale population status on the Pacific West Coast, with emphasis on the Baja California Peninsula, was completed. A research team in Mexico was trained to use photographic matching to track movements of whales along the West Coast of North America. As part of the North American Marine Protected Areas Network initiative, a workshop for monitoring experts and marine protected area managers for the Columbian Pacific Region was held in Victoria, BC, in December to agree upon standardized monitoring protocols for Baja-to-Bering sister sites.

b) Children's Health and the Environment Reports

Following the adoption, in 2002, of Council Resolution 02-06 on a Cooperative Agenda for Children's Health and the Environment in North America, the Secretariat initiated the preparation of two (2) reports: one focusing on available indicators and measures of children's health and the environment and the other exploring risks from toxic chemicals to children's health.

In January, the CEC published *Children's Health and the Environment in North America: A First Report on Available Indicators and Measures*. In May, the CEC released *Toxic Chemicals and Children's Health in North America: a Call for Efforts to Determine the Sources, Levels of Exposure, and Risks that Industrial Chemicals Pose to Children's Health*. The publication of these two reports closed the CEC's initiative on children's health and the environment.

c) Disclosure of Environmental Information

Work was completed on a "Review of the Current State of Integration of Environmental Research in the Mainstream Financial Community in North America," commissioned by Environment Canada and the CEC. The study assesses the extent to which environmental research is used in company and sector valuations carried out in North America.

Work was completed on a study entitled "Global Climate Change: Risk to Bank Loans" commissioned by the United Nations Environment Program Finance Initiative and its North American Task Force (NATF) and supported by Bank of America. The study focused in part on furthering understanding of the macro impacts of climate change on financial risk and identifying debt sectors likely to be most affected. The CEC continued its collaboration with the NATF and the North American finance sector in supporting the second part of the study, which makes practical recommendations for reducing exposure of financial institutions to environmental liabilities, including climate change, in loan portfolios.

d) Environmentally Sound Management of Hazardous Waste

Work continued on developing a North American approach for environmentally sound management of hazardous waste and on a feasibility study for a pilot project on electronic tracking of hazardous waste movements among the NAFTA countries. The Parties worked closely with the United Nations Centre for Trade Facilitation and Electronic Business in this effort.

3. New Projects

a) Information for Decision Making

i) North American Pollutant Release and Transfer Register

Since 1995, the Secretariat has been working with the national pollutant release and transfer registry (PRTR) programs of Canada (National Pollutant Release Inventory), the United States (Toxics Release Inventory), and Mexico (*Registro de Emisiones y Transferencia de Contaminantes*—RETC) to develop a North American profile of pollutant releases and transfers, promote public access to environmental information, and enhance comparability among the national systems. The CEC's annual publication, *Taking Stock*, compiles information on the industries and chemicals that are common to the national PRTR programs. In July, the CEC published *Taking Stock* for the reporting year 2003. The report showed that overall, industrial releases and transfers of chemicals from Canada and the United States decreased by 15 percent from 1998 to 2003. The report also contains information from all three countries on the cement manufacturing sector as well as emissions of criteria air contaminants. Customized, searchable access to the data sets is available through the Secretariat's *Taking Stock Online* website:

<<http://www.cec.org/takingstock>>. In November, Mexico published its national PRTR for the first time.

In an effort to improve electronic access to North American PRTR data, in August, the Secretariat convened a small meeting of experts to solicit advice on how best to upgrade the *Taking Stock Online* website. The Secretariat then began work on suggested website enhancements.

In November, the CEC held its annual Consultative Group meeting in San Diego, CA to gather feedback on the *Taking Stock* report. A one-day, special session was devoted to discussions with representatives of North American indigenous communities on their use and awareness of PRTR data. This session was convened as a follow-up to two case studies commissioned by the CEC in 2006 exploring the use of PRTR data in selected indigenous communities along the US-Mexico border and in the Great Lakes regions.

ii) Environmental Monitoring and Assessment

The transition of the North American Regional Action Plan on Monitoring and Assessment into a program of information gathering and dissemination progressed successfully. Work continued on standardizing laboratory protocols and data reporting as well as promoting a national monitoring and assessment initiative in Mexico.

iii) Mapping North American Environmental Issues

A meeting of mapping and information experts from the three North American countries was convened by the Secretariat in Washington, DC, in September. Following this meeting, a North American Atlas Consultative Group (NAACG), composed of Party representatives and individuals representing the three countries' national mapping and atlas initiatives, was established to aid the Secretariat in identifying needs and priorities for the development of additional base map layers for the North American Atlas. The NAACG identified five priorities for new base map layers: land cover, population density, protected areas, elevation, and aquifers. Work continued on improving existing base map layers (political boundaries, roads, railways, rivers, lakes, bathymetry, and populated places) and finalizing the digital version of a North American watersheds map, already available in print. Work continued on developing several new thematic applications for the Atlas, including terrestrial and marine ecoregions, renewable energy, marine air emissions, and pollutant releases and transfers.

iv) Reporting on the State of the North American Environment

In fulfillment of the commitment in the NAAEC to "periodically address the state of the environment in the territories of the Parties," the Secretariat compiled information about existing state of the environment (SOE) reporting in North America by international, national, and nongovernmental organizations and reviewed options for periodic SOE reporting by the CEC.

b) Capacity Building

i) Sound Management of Chemicals

Council Resolution 95-05, adopted by the Council on 13 October 1995, in Oaxaca, Mexico, created the CEC's Sound Management of Chemicals program. In 2006, Council Resolution 06-09 shifted the program's emphasis from individual toxic substances toward industry sectors, for a more holistic approach to toxics management in North America.

The North American Regional Action Plan (NARAP) on Lindane and Other Hexachlorocyclohexane Isomers, presented to Council in June, was approved for implementation in November. A lindane NARAP implementation plan was adopted and chaired by the USEPA. NARAPs for DDT, chlordane and PCBs were closed after successful trilateral implementation and handover to national programs. An audit mechanism within the environmental monitoring and assessment program will periodically assess the continued success of the closed NARAPs. Implementation continued for NARAPs on mercury, dioxins/furans/hexachlorobenzene, and lindane. For the mercury NARAP, the CEC partnered with the United Nations Environment Program Global Mercury Initiative and developed a consumer product

mercury reduction program that was highlighted at a meeting of the NAFTA partners and several Latin American countries. To advance the dioxins/furans/hexachlorobenzene NARAP, work began on establishing a network of six atmospheric dioxin monitors in Mexico (modeled on the former US National Dioxin Atmospheric Monitoring Network), with sampling units contributed by Canada and dioxin analysis to be performed by the United States. Under the lindane NARAP, alternatives to the use of this toxic pesticide were presented to representatives of the Parties at a workshop held in Mexico.

ii) Clean Electronics Pollution Prevention Partnership (CEP3)

The Partnership developed a research plan to select and survey small and medium-size businesses in the electronics sector to identify knowledge gaps and assess their readiness to face an increasingly complex and constrained commercial environment. This will form the basis of a collaborative effort with industry to develop training and information packages aimed at small and medium-size suppliers to the regions' large manufacturers. Efforts were undertaken to identify synergies with CEC projects such as the North American Green Purchasing Initiative and Greening Supply Chains in Mexico.

iii) Partnership with the North American Automobile Sector

The Parties worked on a program to extend the US Suppliers Partnership for the Environment to Canada and Mexico. General Motors and Daimler-Chrysler joined, and a letter of invitation was sent to Ford.

iv) Greening Supply Chains in Mexico

The second phase of this project was completed, and its success highlighted with a high level event in Mexico City, in January, attended by Mexico's Secretary of the Environment and Attorney General for Environmental Protection, accompanied by the Secretariat's Executive Director. Certificates were awarded to participating small and medium-size suppliers to Colgate-Palmolive, Bristol-Myers Squibb, JUMEX and SIKA Mexicana, for their involvement in projects to increase their competitiveness by improving their environmental performance. Participants created substantial savings while reducing their consumption of water and raw materials. The CEC explored opportunities to expand this initiative in North America.

c) Trade and Environment

i) Promoting Renewable Energy and Energy Efficiency in North America

The multi-stakeholder, Party-appointed Renewable Energy Expert Committee (REEC), which was created to advise the Secretariat, held its second annual meeting in San Francisco, CA, in December. The Secretariat commissioned the following background studies for the meeting: a community guide to developing small-scale renewable energy projects; a study comparing the cost over time of different sources of renewable electricity; a technical report on demonstrating the benefit of adopting renewable energy as a hedge against fuel price fluctuations; an online tool for estimating offsets of greenhouse gases and smog-causing pollutants resulting from a switch to green electricity; and a survey of policies and procedures for integrating intermittent renewable energy into the grid.

ii) Green Purchasing

The North American Green Purchasing Initiative held its annual meeting in February, in Miami, FL. The EcoEval web-based green procurement policy self-assessment tool was refined and made more dynamic and user-friendly. The tool allows users to rate the level of "greenness" of their current procurement policies and practices and gives them the option of posting their results on the Web. The Secretariat sponsored a pilot project on cleaning products used in the offices of Mexico's *Secretaría de Medio Ambiente y Recursos Naturales* with a view to identifying environmentally-superior alternatives and working with suppliers and janitors to "green" the ministry's procurement practices. Life cycle analyses were conducted on environmentally preferable paper products, office electronics, and cleaning supplies.

iii) Ongoing Environmental Assessment of NAFTA

The proceedings of the third North American Symposium on Assessing the Environmental Effects of Trade were published. The Secretariat issued a call-for-papers for the fourth symposium, which will be held in 2008 and will focus on the service sector. Efforts were initiated to compile NAFTA trade, services, and investment data for use in the fourth symposium.

iv) Harnessing the Market for Sustainability

A scoping study was conducted that reviewed potential application of market-based mechanisms for the promotion of species and habitat conservation. This included a review of Mexico's UMA (*Unidades de Manejo y Conservación de Vida Silvestre*) system, where landowners have incentives to protect wildlife and habitat while being allowed to sustainably harvest plants and animals. A meeting of stakeholders was held and a plan of action for 2007 was developed.

4. Submissions on Enforcement Matters

Articles 14 and 15 of the NAAEC establish an innovative process whereby the Secretariat may consider submissions from any nongovernmental organization or person residing in North America asserting that a Party to the Agreement is failing to effectively enforce its environmental law. The process can lead to the publication of a factual record containing information received from the submitters, the Party, the public, and the JPAC as well as information developed independently by the Secretariat relevant to a consideration of the alleged failure by a Party to effectively enforce its environmental law.

Between the entry into force of the NAAEC in 1994 and the end of 2006, fifty-eight (58) submissions had been filed with the Secretariat: eighteen (18) concerning Canada, thirty (30) concerning Mexico, nine (9) concerning the United States, and one (1) concerning both Canada and the United States. During that time, the Secretariat dismissed or terminated seventeen (17) submissions on the basis of formal and substantive criteria set forth in Article 14 of the NAAEC. Three (3) submissions were withdrawn by the submitter. The Secretariat recommended factual record preparation for twenty-two (22) submissions. In two (2) cases, the Council voted against the Secretariat's recommendation [SEM-97-003 (Quebec Hog Farms) and SEM-01-001 (Cytrar II)]. Eleven (11) factual records were published.

In January, the Secretariat released to the public the factual record for submission SEM-00-006 (Tarahumara) pursuant to Council's decision of 21 December 2005. In June, the Secretariat submitted to the Council the final factual records for SEM-02-001 (Ontario Logging)/SEM-04-006 (Ontario Logging II) and SEM-02-003 (Pulp and Paper), for Council's vote on whether to make these final factual records publicly available. Work continued on factual records for SEM-03-004 (ALCA-Iztapalapa II) and SEM-03-005 (Montreal Technoparc). In June, Council voted to instruct the Secretariat to prepare a factual record on SEM-04-007 (Quebec Automobiles). Council's decisions on the development of factual records for SEM-03-003 (Lake Chapala II) and SEM-04-005 (Coal-fired Power Plants) remained pending. The Secretariat reviewed submissions SEM-05-003 (Environmental Pollution in Hermosillo II) and SEM-05-002 (Coronado Islands) in light of Mexico's responses to determine whether they warranted the development of a factual record. Six (6) submissions were filed with the Secretariat in 2006. Details are provided below.

SEM-06-001/-003/-004 (Ex Hacienda El Hospital I, II, III) were filed on 26 January, 17 July and 22 September, respectively. The Submitters allege that Mexico is failing to effectively enforce its environmental law in regard to the operation, shut down, and decommissioning of a paint pigment manufacturing plant operated by BASF Mexico S.A. de C.V. in Cuautla, Morelos, from the 1970s to the 1990s. The first submission was withdrawn by the Submitter. The Secretariat consolidated the other two and requested a response from Mexico.

SEM-06-002 (Devils Lake) was filed on 30 March. The Submitters asserted that Canada and the United States were failing to effectively enforce anti-pollution provisions in the 1909 International Boundary Waters Treaty with respect to the construction and operation, by the state of North Dakota, of an outlet to drain water from Devils Lake into the Sheyenne River. The Secretariat determined that the revised submission did not contain assertions that could be considered under Article 14 and terminated the Article 14 process with respect to this submission.

SEM-06-005 (Species at Risk) was filed on 10 October. The Submitters assert that Canada is failing to effectively enforce the federal Species at Risk Act as regards listing species for protection under the Act, preparing recovery plans, and identifying critical habitat. The Secretariat requested a response from Canada on 11 December.

SEM-06-006 (Los Remedios National Park) was filed on 9 November. The Submitter asserts that Mexico is failing to effectively enforce its environmental law with respect to the protected natural area known as “Los Remedios” National Park in Naucalpan, State of Mexico. The Secretariat began its review under Article 14.

Report from the CEC's Joint Public Advisory Committee

In March, JPAC held a meeting in Vancouver, BC, focusing on implementing the North America Clean Electronics Pollution Prevention Partnership. In conjunction with this meeting, JPAC held a workshop with small and medium-size enterprises looking at opportunities for, and barriers to, the use of green products.

In parallel with the June Council session, JPAC held a public workshop on renewable energy alternatives which centered on bio-fuels, solar energy and wind power. As a result of this meeting, JPAC formulated an Advice to Council on increasing the role of the CEC in promoting these alternatives in North America. JPAC also met with indigenous representatives from the three countries regarding their future involvement in the activities of the Commission. During the Council's in-camera session, JPAC noted that meeting location and content influence participation by indigenous representatives. It recommended the creation of a permanent position for an indigenous representative in the CEC Secretariat, and it underscored the importance of ensuring continuity in projects.

JPAC held a third meeting, in Montreal, on the CEC Work Program. Key Secretariat staff members were on hand to respond to audience questions concerning CEC projects. This was followed by a 30-day, JPAC-led public consultation, which gave rise to a JPAC Advice to Council on the draft CEC 2007–2009 Operational Plan.

JPAC hosted a roundtable in Cancún, Mexico, on Conservation and Trade. The principal objective was to better understand the challenges and opportunities for conservation within the context of trade and environment links in North America.

In December, JPAC sent a letter to Council, urging it to vote without further delay on whether to make public the consolidated factual record for the Ontario Logging (SEM-02-001) and Ontario Logging II (SEM-04-006) submissions.

JPAC Members, 2006

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Country Reports

Canada Progress Report, 2006

Country Report on Implementation of the Commitments Derived from the NAAEC

Note: In the interest of submitting a concise report, web-links have been provided to direct the reader to additional, more detailed information.

PART I: GOVERNMENT OF CANADA

FEDERAL GOVERNMENT

ARTICLE 2 GENERAL COMMITMENTS

Article 2(1)(a) - State of the Environment Reports

Environmental Indicators

In response to the challenge of managing and sharing knowledge creatively to better serve Canadians, Environment Canada has prepared a draft report entitled “Environmental indicators and State of the Environment Reporting Strategy, 2004–2009: Environment Canada.” The current draft of the strategy outlines four goals for making Environment Canada’s environmental reporting more effective. Development of the Strategy benefited from a broad consultation within Environment Canada and with indicator practitioners across Canada.

In 2006, Environment Canada marked the second of an annual set of reports on the Canadian Environmental Sustainability Indicators (CESI). Through CESI, the federal government provides annual reports on environmental indicators in the areas of air quality, water quality and greenhouse gas emissions. The individual indicators continue to be developed, with increasingly robust analyses to track changes. Improvements are being implemented to make the indicators more understandable, relevant and useful to decision-makers and the public. They will benefit in the future from better environmental monitoring, new scientific knowledge and guidelines, improved data management and better analytical methods. New surveys of business and household actions affecting the environment will provide information to assist in interpreting the indicator trends. Online tools are being developed that will enable users to examine regional and sectoral details and conduct their own analyses.

Key improvements in this year's report include:

Indicator	Improvement
<i>Air quality</i>	<ul style="list-style-type: none"> • Inclusion of the PM_{2.5} indicator • More refined statistical analysis of indicator trends
<i>Greenhouse gas emissions</i>	<ul style="list-style-type: none"> • Better estimation methods and more data on key variables used in the calculations • Inclusion of final demand category data and analysis from Statistics Canada's Greenhouse Gas Emissions Account
<i>Freshwater quality</i>	<ul style="list-style-type: none"> • Calculation of the indicator for selected monitoring sites in northern Canada that met data quality standards established to reflect northern conditions • Further information on the main threats to surface freshwater quality in Canada
<i>Connecting the indicators</i>	<ul style="list-style-type: none"> • Analysis of the socio-economic context and an initial attempt to identify the economic forces influencing the three indicators

Further details on the 2006 CESI Report can be accessed at <http://www.ec.gc.ca/indicateurs-indicators/default.asp?lang=En&n=2102636F-1>. This site also features the latest information and reports on the State of Canada’s Environment.

Children's Health and the Environment: Indicators and Measures

Environment Canada, in partnership with other federal departments, international public health organizations and the governments of Mexico and the United States, under the Cooperative Agenda on Children's Health and the Environment (CHE) of the North American Commission for Environmental Cooperation, contributed to the development of a first-ever, integrated regional report and accompanying the Canada Country Report for the period 2003–2005. Entitled "Children's Health and the Environment in North America: a First Report on Available Indicators and Measures," the report was scheduled to be released in early January 2006.

The report recognizes that children are more vulnerable to environmental health risks than adults because of their unique physiological, developmental and behavioural characteristics. It therefore seeks to provide decision makers and the public with understandable information on the status of key parameters related to children's health and the environment as a means of measuring and promoting change. Both the integrated report and country report focus on three major areas: asthma and respiratory diseases; lead and other chemicals, including pesticides; and waterborne diseases. The report is available online at <http://www.cec.org/Page.asp?PageID=30101&ContentID=16171&SiteNodeID=487>.

Article 2(1)(b) - Environmental Emergency Preparedness Measures

Environmental Emergencies Management System (E2MS)

Management of emergencies in areas where there are sensitive environmental resources is a critical element of Environment Canada's environmental emergencies program. The E2MS, currently launched as a beta version, enables the collection and provision of detailed information, knowledge and expertise regarding environmental resources, environmental emergencies and decision making throughout all regions of Canada. Full deployment of the E2MS is scheduled for the spring of 2007.

Article 2(1)(d) - Scientific Research and Technology Development

With the reorganization of much of Environment Canada's science and technology (S&T) resources into a new S&T Branch having taken place in 2005, the department has continued to advance its work on the strategic management of its S&T, the strengthening of linkages between science and policy, and the integration of federal S&T. The first-ever Departmental Science Plan is being prepared and work on the inaugural Departmental Technology Plan continues.

Oil and Chemical Spill Response

Environment Canada's Environmental Science and Technology Centre (ESTC) provides facilities and expertise for the measurement, analysis and clean-up of pollutants to assist in responding to pollution emergencies such as oil and chemical spills, the cleanup of hazardous waste and other activities. For more information on the ESTC's work in oil and chemical spill response, and the cleanup of hazardous waste, please see http://www.etc-cte.ec.gc.ca/home/water_e.html.

Biological Method Activities

Environment Canada's Biological Methods Division (BMD) is staffed by experts in the development, validation, and standardization of biological methods, soil function and biotechnology product fate and effect assessments. BMD is responsible for: 1) forecasting of the need for new environmental toxicology testing methods; 2) development and validation of standardized biological test methods and supporting guidance required by departmental programs; 3) in-house development of single-species and microbial functional assays for the assessment of the impact of contaminants on natural soil systems; 4) input to departmental regulatory and policy processes by ensuring the availability and appropriate advice on the use of biological test methods; and, 5) providing ongoing support to the toxicology component of the national laboratory accreditation program managed by the Canadian Association for Environmental Analytical Laboratories (CAEAL). For more information on biological method activities, work on emissions measurements and publications, please see http://www.etc-cte.ec.gc.ca/organization/spd_e.html.

Article 2(1)(e) - Environmental Impact Assessment

The Canadian Environmental Assessment Agency (CEAA) is responsible for administering the federal environmental assessment process. During the 2005–2006 fiscal year, federal departments and agencies undertook a total of 7906 screenings and 38 comprehensive studies in accordance with their environmental obligations under the *Canadian Environmental Assessment Act*. During the same period, CEAA managed 10 panel reviews.

Article 2(1)(f) - Economic Instruments

Environment Canada promotes the use of economic instruments for the efficient achievement of environmental goals. Details of measures taken can be found at <http://www.ec.gc.ca/air/default.asp?lang=En&n=A3EA44BA-1>.

Article 2(3) - Export Controls

In 1999, the *Canadian Environmental Protection Act* (CEPA) was enacted. The Act governs all matters regarding export controls. Further information can be found at <http://www.ec.gc.ca/lcpe-cepa/default.asp?lang=En&n=D44ED61E-1>.

Article 3 - Levels of Protection

Environment Canada's Ecosystem Approach for Environmental Management was developed in 2006; its objective is to maintain a natural capital system that ensures a perpetual supply of the ecological goods and services, provided by ecosystems, to sustain Canadians' health, economic prosperity and competitiveness.

Species at Risk Act

The goals of the *Species at Risk Act* (SARA) are to prevent wildlife species from becoming extinct or extirpated, to provide for the recovery of species that are extirpated, endangered or threatened as a result of human activity, and to manage species of special concern. SARA ensures that species are assessed under a rigorous and independent process that considers the best available biological and Aboriginal traditional knowledge, and that species deemed at risk are considered for listing under the Act. In August 2006, Environment Canada and the Department of Fisheries and Oceans announced the addition of 32 land-based species and ten aquatic species to Schedule 1, the list of Species protected under the SARA.

Also in 2006, federal and provincial/territorial ministers endorsed the National Framework for Species at Risk Conservation. The framework is an innovative policy instrument providing the basis for a renewed federal vision for the SARA, and for programs to support its implementation. The framework also outlines objectives and key guiding principles for each stage in the species at risk conservation cycle. Adaptive management principles ensure that significant external factors that affect land management, biological diversity conservation, and the maintenance of essential ecosystem goods and services are considered. Under the framework, recovery measures will be adjusted or adapted to reflect new or changed circumstances in the environment and ecosystems within which species live.

In 2006, as well, a bilateral agreement between the federal government and Quebec was signed to ensure a collaborative approach to the development and implementation planning of SARA. This is the second such agreement to be signed (British Columbia was completed in 2005) and other similar bilateral agreements are near completion. For more information on the registry and the SARA, please see http://www.sararegistry.gc.ca/default_e.cfm.

Migratory Birds Convention Act, 1994

The *Migratory Birds Convention Act, 1994* (MCBA 1994) implements the 1916 treaty between Canada and the United States, in which the two countries agreed to protect and conserve migratory birds and their nests. For more information on the MBCA, please see <http://www.ec.gc.ca/alef-we/default.asp?lang=en&n=3DF2F089-1>.

Toxic Substances

In December 2006, the government unveiled Canada's Chemicals Management Plan, which takes immediate action to regulate chemicals that are harmful to human health or the environment. The plan makes Canada a world leader in assessing and regulating chemicals that are used in thousands of industrial and consumer products.

Article 4 - Publication

In 2006, the following regulation changes were pursued and notices were published by Environment Canada.

REGULATION NAME	Date	Status	Publication
<i>Amending 2-butoxyethanol (2-BE) Regulations - Setting limits for the concentration of in products designed for indoor use</i>	Dec 06	Final	Canada Gazette, Part II
<i>Prohibition of Certain PCBs</i>	Nov 06	Proposed	Canada Gazette, Part I
<i>Perfluorooctane Sulfonate and its Salts and Certain Other Compounds Regulations</i>	Dec 06	Proposed	Canada Gazette, Part I
<i>Polybrominated Diphenyl Ethers Regulations</i>	Dec 06	Proposed	Canada Gazette, Part I
<i>Adding Hexachlorobutadiene (HCBD) to the Virtual Elimination List</i>	Dec 06	Final	Canada Gazette, Part II
<i>Interprovincial Movement of Hazardous Waste and Hazardous Recyclable Material Regulations</i>	Sep 06	Proposed	Canada Gazette, Part I
<i>Marine Spark-Ignition Engine and Off-Road Recreational Vehicle Emission Regulations</i>	Dec 06	Proposed	Canada Gazette, Part I
<i>Regulations Amending the Prohibition of Certain Toxic Substances Regulations, 2005 (Four New Fluorotelomer-based Substances)</i>	Jun 06	Proposed	Canada Gazette, Part I
<i>Notice requiring base metal smelters to prepare and implement comprehensive Pollution Prevention Plans and to publicly report on their conformance with an Environmental Code for Practice for Base Metals Smelters and Refineries. Base smelters can release large amounts of pollutants such as sulphur dioxide, which contribute to acid rain, smog and have adverse effects on lakes, soils, forests, plants, and human respiratory systems</i>	Apr 06	Final	Canada Gazette, Part I
<i>Notice requiring the preparation and implementation of pollution prevention plans in respect of mercury releases from mercury switches in end-of-life vehicles processed by steel mills</i>	Dec 06	Proposed	Canada Gazette, Part I

Article 5 - Government Enforcement Action

Canada ensures that organizations and individuals comply with the laws and regulations that protect the natural environment and its biodiversity.

Article 5(1)(a) - Appointing and training inspectors

Recruitment and training

The *Canadian Environmental Protection Act 1999* (CEPA 1999) grants enforcement officers a wide range of powers to enforce the Act, including the powers of a peace officer.

These officers can carry out inspections to verify compliance with the Act; conduct investigations of suspected violations; enter premises, open containers, examine contents and take samples; conduct tests and measurements; obtain access to information (including data stored on computers); stop and detain conveyances; enter, search, seize and detain items related to the enforcement of CEPA 1999; secure inspection warrants to enter and inspect premises that are locked and/or abandoned or where entry has been refused; seek search warrants; and arrest offenders. In 2006, the federal government supported a 50% increase in the number of environmental enforcement officers hired.

Article 5(1)(e) - Issuing Bulletins or Other Periodic Statements On Enforcement Measures

Enforcement information, reports and statistics can be found on EC's web site at <http://www.ec.gc.ca/alef-ewe/default.asp?lang=En&n=5A011974-1&parent=36F21B9D-24C2-4CFE-8EFE-B3AA64A79952>.

Article 6 - Private Access to Remedies

Persons with a recognized legal interest have access to remedies before administrative tribunals and the courts. Interested persons, in addition to being able to institute private prosecutions, may also put forth, to a competent authority, a request to investigate alleged violations of environmental laws and regulations.

For example, the *Canadian Environmental Protection Act 1999* (CEPA 1999) provides statutory right for a person to apply to the Minister of the Environment for an investigation concerning any alleged offense under that Act. As well, persons with a recognized legal interest in a particular matter have access to administrative, quasi-judicial and judicial proceedings for the enforcement of Canada's environmental laws and regulations. In this regard, CEPA 1999 has introduced the concept of "environmental protection actions" which allow any person to seek a court order prohibiting a continued violation of the statute and/or to mitigate harm caused by a violation of the statute. As well, CEPA 1999 provides the statutory right for persons to request the review of administrative decisions or proposed regulations.

In 2006, there were no applications for investigation by the Minister, under CEPA section 17 and no private prosecutions launched under CEPA s. 22.

Article 7 – Procedural Guarantees

Canada has administrative, quasi-judicial and judicial proceedings available for the enforcement of environmental laws and regulations. Both the Canadian Charter of Rights and Freedoms and the courts have ensured that persons are given an opportunity, consistent with the rules of procedural fairness and natural justice, to make representations to support or defend their respective positions and to present information or evidence. Decisions are provided in writing, are made available without undue delay, and are based on information or evidence on which the parties were offered the opportunity to be heard. In accordance with its laws, Canada provides parties to such proceedings, as appropriate, the right to seek review and where warranted, correction of final decisions by impartial and independent tribunals. An example of fair, open and equitable proceedings at the administrative level is the Board of Review process available under CEPA 1999.

In 2006, one Notice of Objection was filed in connection with the “Disposal at Sea Permit No. 4543-2-06369” and another in connection with the “Order Adding Toxic Substances to Schedule 1 to the *Canadian Environmental Protection Act, 1999* and Regulations Amending the Prohibition of Certain Toxic Substances Regulations, 2005 (Four New Fluorotelomer-based Substances).” Neither resulted in the establishment of a “Board of Review” process, under CEPA section 333. For more information, please see, <http://www.ec.gc.ca/lcpe-cepa/default.asp?lang=En&n=6E52AE02-1>.

PART II: PROVINCIAL GOVERNMENTS

ALBERTA

Article 2(1)(a) – State of the Environment Reports

According to the *Environmental Protection and Enhancement Act*, Alberta's Minister of Environment is required to report on the state of Alberta's environment. Alberta's State of the Environment web site <http://www3.gov.ab.ca/env/soe/index.html> was updated in 2006.

Article 2(1)(b) - Environmental Emergency Preparedness Measures

2006-07 saw the creation of the Alberta Support and Emergency Response Team (ASERT) to coordinate environmental emergency planning and response across Alberta. For information on ASERT please see: <http://www.environment.alberta.ca/01369.html>.

Article 2(1)(c) - Environmental Education

Alberta Environment coordinates public education on conservation and environmental protection. New websites for environmental education and the department's Information Centre were launched in 2005–2006. For Alberta Environment's website please see <http://www.environment.alberta.ca/01122.html>.

Article 2(1)(d) - Scientific Research and Technology Development

In 2005-06, the Ministry of Innovation and Science focused resources in area of economic opportunity, including clean coal technology, carbon dioxide capture and storage, hydrocarbon and bitumen upgrading, bio-energy, agri-foods and bioproducts. Work accomplished in 2005–2006 by the Ministry of Innovation and Science can be found at http://www.advancededandtech.alberta.ca/media/204038/scientific_activity-report%202006-07_final.pdf.

Article 2(1)(e) – Environmental Impact Assessment

Detailed information regarding Alberta Environment’s environmental assessments can be found at <http://www.environment.alberta.ca/1274.html>.

Article 2(1)(f) - Economic Instruments

One of the stated goals of the Alberta Environment 2006–2009 Business Plan (<http://www.environment.alberta.ca/01403.html>) was the following: “The Government of Alberta has a comprehensive, risk-based and flexible set of regulatory tools and incentives to achieve environmental outcomes.”

Alberta Environment promotes the use of economic instruments for the efficient achievement of environmental goals. Details of measures can be found at <http://environment.alberta.ca/2011.html>.

Article 4 - Publication

Government of Alberta Acts and Regulations are published through the Queen’s Printer <http://www.qp.alberta.ca>. For information on Alberta Environment’s legislation and guidelines please see <http://environment.alberta.ca/index.html>.

Article 5 - Government Enforcement Action

Alberta environment is responsible for environmental monitoring and compliance programs to enforce Alberta’s environmental legislation and regulations. For information on inspections and compliance see <http://environment.alberta.ca/0941.html> (for information on compliance programs) and for information on advisories and monitoring see <http://www.environment.alberta.ca/01547.html>.

Article 6 - Private Access to Remedies

The Environmental Appeals Board (EAB) operates at arm’s length from Alberta Environment, and reports directly to the Minister of Environment. Established in 1993 under Alberta’s *Environmental Protection and Enhancement Act* (EPEA), the EAB hears appeals under the EPEA, the *Water Act* and Schedule 5 of the *Government Organization Act*. Its role is to provide fair, impartial and efficient resolution of all matters before it, and to advance the protection, enhancement and wise use of Alberta’s environment. The EAB has the power to make recommendations to the Minister of Environment, with the Minister making the final decision. On matters relating to requests for confidentiality, stays, costs, administrative penalties, and certain matters relating to water works, the EAB make the final decision. The EAB does not replace or eliminate the right of Albertans to seek judicial review in the courts. For information on the EAB see <http://www.eab.gov.ab.ca/index.htm>.

MANITOBA

Article 2(1)(a) - State of the Environment Reports

Manitoba has graduated from producing State of the Environment reports every two years to producing a Provincial Sustainability Report which provides important information to Manitobans on key sustainability issues and trends. Under *The Sustainable Development Act* proclaimed in 1998, the Manitoba government must prepare a sustainability report based on a chosen set of indicators. The first Provincial Sustainability Report for Manitoba was released in 2005 and can be consulted at http://www.gov.mb.ca/conservation/annual-reports/sustainability_report.html.

Article 2(1)(b) - Environmental Emergency Preparedness Measures

The Manitoba Conservation Regional Operations Division co-ordinates the delivery of programs and services at the community level, including responses to environmental emergencies (<http://www.gov.mb.ca/conservation/regoperations/index.html>). The Manitoba Emergency Measures Organization is responsible for the overall provincial emergency program, ensuring safety for citizens, their property and the environment. For more information, please see <http://www.gov.mb.ca/emo/>.

Article 2(1)(c) - Environmental Education

Since 1999, the Manitoba government has put a major emphasis on environmental education in schools and has continued to implement their *Education for Sustainable Development Action Plan*. Sustainable development and the environment are now a significant part of the science and social studies curriculums. See <http://www.edu.gov.mb.ca/k12/esd>.

Manitoba supports a number of educational programs related to the environment including outdoor recreation, beach safety and interpretation programs; Manitoba Bear Smart, furbearer management and hunter education; and threatened species education and outreach (<http://www.gov.mb.ca/conservation>). The Water Protection Handbook was released in 2006 and is one of several primary public education products to be developed by Manitoba Water Stewardship (<http://www.gov.mb.ca/waterstewardship>). Green Manitoba emphasizes practical approaches to waste reduction, energy efficiency, and water conservation in communities, homes, and businesses (<http://www.greenmanitoba.ca>).

Article 2(1)(d) - Scientific Research and Technology Development

Manitoba Science Technology Energy and Mines provides a coordinating function for all research, innovation, science and technology initiatives in government and fosters a supportive environment for sustainable development (<http://www.gov.mb.ca/est/index.html>).

Article 2(1)(e) - Environmental Impact Assessment

Manitoba's Environmental Assessment & Licensing Branch ensures that developments are regulated in a manner that protects the environment, and sustains a high quality of life for present and future Manitobans (<http://www.gov.mb.ca/conservation/envapprovals/index.html>). Public hearings of the Clean Environment Commission may be recommended if there is significant public concern (<http://www.cecmnitoba.ca>).

Article 2(1)(f) - Economic Instruments

Manitoba Conservation offers a number of opportunities in the form of funding for development, implementation and promotion of environmental innovation and sustainable development (<http://www.gov.mb.ca/conservation/funding/index.html>).

Article 4 - Publication

Manitoba Conservation's electronic public registry is a collection of development proposals and environmental protection measures from 1996 to the present as required under *The Environment Act* (<http://www.gov.mb.ca/conservation/library/eregistry.html>). As well, all Government of Manitoba Acts and Regulations are published through the Queen's Printer Statutory Publications (<http://www.gov.mb.ca/queensprinter/>).

Article 5(1)(e) - Issuing Bulletins or Other Periodic Statements On Enforcement Measures

Manitoba environmental and resource enforcement annual summary reports are available at http://www.manitoba.ca/conservation/annual-reports/con_reports/index.html.

QUÉBEC

Article 2(1)(a) – The State of the Environment

In 2006–2007, the *Ministère du développement durable, de l'environnement et des parcs*—MDDEP (Ministry of Sustainable Development, Environment and Parks) disseminated 21 new state of the environment documents on its own website and those of its agencies, including the Québec Environmental Analysis Centre (*Centre d'expertise en analyse environnementale du Québec*—CEAEQ): <http://www.ceaeq.gouv.qc.ca/index.htm> and the Québec Centre of Hydric Expertise (*Centre d'expertise hydrique du Québec*: <http://www.cehq.gouv.qc.ca/>), or those of its partners, including the Québec Centre for Data on Natural Heritage (*Centre de données sur le patrimoine naturel du Québec*: <http://www.cdpnq.gouv.qc.ca/>). See list in Appendix 6 of the 2006–2007 annual report: http://www.mddep.gouv.qc.ca/ministere/rapports_annuels/rapport_0607.pdf (French only).

RECYC-QUÉBEC

RECYC-QUÉBEC (<http://www.recyc-quebec.gouv.qc.ca/client/fr/accueil.asp>) published a characterization study of municipal sector waste (in collaboration with Éco entreprises Québec): <http://www.recyc-quebec.gouv.qc.ca/upload/Publications/Rapport-Synthese-Caract.pdf> (French only).

Article 2(1)(b) – Environmental Emergency Preparedness Measures

MDDEP

The MDDEP operates an emergency response system (<http://www.mddep.gouv.qc.ca/ministere/rejoindre/urgence-en.htm>) throughout its territory, with regional departments ensuring continuous preparedness of the territories they cover. In terms of planning and preparation, in 2006 it focussed on the large-scale elimination of animal carcasses and animal by-products, and on maritime spills.

CEAEQ

The CEAEQ (http://www.ceaeq.gouv.qc.ca/index_en.asp) upgraded its primary mobile emergency intervention unit, the TAGA (http://www.ceaeq.gouv.qc.ca/etudeterrain/taga_6000.htm).

Article 2(1)(c) – Environmental Education

MDDEP

In 2006, the MDDEP undertook a number of teaching and education activities aimed at various communities.

Raised awareness in a number of municipalities of the implementation of the Heavy-duty vehicle Inspection and Maintenance Program (*Programme d'inspection et d'entretien des véhicules automobiles lourds*—PIEVAL: <http://www.mddep.gouv.qc.ca/air/pieval/index.htm>), in collaboration with the Association québécoise de lutte contre la pollution atmosphérique.

- Held technical support meetings with watershed organizations to help them develop “master water plans.” (<http://www.mddep.gouv.qc.ca/eau/bassinversant/fiches.htm>)
- Offered an information session to fish farmers concerning the partnership agreement on Québec’s sustainable development strategy for freshwater aquaculture (*Stratégie de développement durable de l’aquaculture en eau douce au Québec*).
- Gave training sessions to various groups on the protection of lakeshores riverbanks, littoral zones, and floodplains; on the new directive for project authorizations in wetlands (<http://www.mddep.gouv.qc.ca/eau/rives/entrepreneur/dem-aut.htm>); and on how to obtain an environmental qualification attestation under the *Regulation respecting halocarbons* (http://www.mddep.gouv.qc.ca/air/halocarbuures/index_en.htm).
- Updated the *Design Guide for Drinking Water Production Facilities* (<http://www.mddep.gouv.qc.ca/eau/potable/guide/index-en.htm>) and the *Application for Authorization of Domestic Wastewater Treatment Systems: Guidelines* (<http://www.mddep.gouv.qc.ca/eau/eaux-usees/usees/index.htm> - French only) and the relevant application form; updated information documents concerning pesticide regulations (http://www.mddep.gouv.qc.ca/pesticides/cadrelegal_en.htm).

The MDDEP also produced numerous information documents on general topics as well as specific subjects and actions, including:

PUBLICATIONS	Source(s) of information on the Internet
Report on the conference <i>The Challenge of Reconciling Water and Agricultural Policies: The Role of Public Hearings</i>	http://www.mddep.gouv.qc.ca/milieu_agri/agricole/publi/hearings.htm
Brochure on the scientific bases of the <i>Agricultural Operations Regulation</i>	http://www.mddep.gouv.qc.ca/milieu_agri/agricole/bases.pdf (French only)
Feature stories on the environment for young people 10 to 14 years old (MDDEP)	http://www.mddep.gouv.qc.ca/jeunesse/index.htm (French only)
General information vignettes	http://www.mddep.gouv.qc.ca/jeunesse/sais_tu_que/index.htm (French only)
Reference documents on the <i>Regulation respecting water quality in swimming pools and other artificial pools</i>	http://www.mddep.gouv.qc.ca/eau/piscine/index.htm (French only)
Guide to the interpretation of the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains	http://www.mddep.gouv.qc.ca/eau/rives/index.htm (French only)
Information and awareness documents as part of the MAPAQ- (Department of Agriculture, Fisheries and Food) MDDEP Joint Initiative on Pesticides in Agriculture.	<i>Pesticides and Groundwater: Preventing Agricultural Contamination in Agriculture</i> (http://www.mddep.gouv.qc.ca/pesticides/eau-sout/index.htm – French only) <i>Agricultural Use of Pesticides: Environmental Status and Promising Initiatives</i> (http://www.mddep.gouv.qc.ca/pesticides/etat-env/index.htm – French only)

RECYC-QUÉBEC

- Funded, through its *Programme VERRR* (<http://www.recyc-quebec.gouv.qc.ca/client/fr/programmes-services/information/fonction.asp>) 41 projects dealing with information, awareness and education in reduction, reuse, recycling and recovery of waste.
- Raised public awareness through various activities (<http://www.recyc-quebec.gouv.qc.ca/Upload/Publications/Rapport-annuel-2006-2007.pdf> – French only).
- Published RECYC-INFO (http://www.recyc-quebec.gouv.qc.ca/client/fr/rubriques/recyc_info.asp – French only).

MRNF

The Department of Natural Resources and Wildlife (*Ministre des ressources naturelles et de la faune*—MRNF) made available to secondary cycle one teachers and students an educational project entitled *Le Parc faunique* that raises awareness of the situation of endangered wildlife species (http://www.fapaq.gouv.qc.ca/fr/educ/parc_faunique/invitation/guide_pedagogique_Parc_faunique.pdf – French only).

Article 2(1)(d) – Scientific Research

MDDEP

- Set up gateways to encourage collaboration and information exchange with Québec universities working in the fields of environment and sustainable development.
- Published, amended or updated 18 technical assessment sheets of the Committee on Drinking Water Treatment Technologies (<http://www.mddep.gouv.qc.ca/eau/potable/guide/procedure-en.htm>) and seven sheets for wastewater (<http://www.mddep.gouv.qc.ca/eau/eaux-usees/index-en.htm>).
- Developed the Québec Pesticide Risk Indicator (QPRI) (http://www.inspq.qc.ca/pdf/publications/750_IRPeO_anglaisHauteRes.pdf) (jointly by MAPAQ (<http://www.mapaq.gouv.qc.ca/fr/Pages/Accueil.aspx>), the Québec Public Health Institute (<http://www.inspq.qc.ca/>) and the MDDEP).

CEAEO

- Increased the analytic capacity for blue-green algae and developed new analytical methods (low-concentration metals in fish, new substances of interest).

RECYC-QUÉBEC

- Partnership agreement with the Québec Centre for Industrial Research (*Centre de recherche industrielle du Québec*—CRIQ) for research into the development of recycling or recovery technologies and procedures.
- Continued project on the recyclability of degradable bags and a certification program for compostable bags with the Québec Standards Bureau (*Bureau de normalisation du Québec*).
- Continued the Programme d'aide à l'innovation et au développement technologiques (materials from recycling programs).
- Funded 19 projects under the *Programme d'aide financière aux entreprises d'économie sociale* (http://www.recyc-quebec.gouv.qc.ca/client/fr/programmes-services/information/ProgEco_soc.asp).
- Completed the *Programme temporaire d'aide financière à la mise en valeur et au transport du verre récupéré au Québec*.

MRNF

- Invested nearly \$1 million to encourage scientific research and technological development (wildlife monitoring, inventories, habitat study and restoration, reintroduction of several species, impact studies, and the study and elimination of wildlife diseases).

Article 2(1)(e) – Environmental Impact Assessment

Québec applied its environmental assessment procedures to projects (<http://www.mddep.gouv.qc.ca/evaluations/index.htm>) falling under the *Regulation respecting environmental impact assessment and review* (<http://www.mddep.gouv.qc.ca/evaluations/cadre.htm>).

In 2006–2007, 147 projects were subject to one step or another of the environmental impact assessment and review procedure in force for southern Québec: 88 land-based projects, 45 water-based projects, and 14 industrial projects; 29 were authorized or were subject to a by-law amendment; 34 new projects registered in the procedure; and in enforcing the James Bay and Northern Quebec Agreement, 43 decisions were rendered, 37 projects were undergoing assessment at the end of the year, and 32 new project notices were filed.

Article 2(1)(f) – Economic Instruments

MDDEP

- Continued to charge fees, based on emission amounts of various regulated contaminants, from industrial facilities holding depollution attestations (equivalent to a renewable environmental operations permit) and to charge fees on certain products and services for control and monitoring measures (\$7.3 million in 2006–2007).
- Adopted the *Regulation respecting the charges payable for the disposal of residual materials* (<http://www.mddep.gouv.qc.ca/matieres/redevances/index.htm>) (charge of \$10 per metric tonne) aimed at reducing the landfilling of waste and increasing the lifespan of landfill sites (nearly \$48 million in fees collected and \$40 million redistributed to municipalities).
- Adopted the Éco Entreprises Québec fee, establishing the contribution required by businesses and institutions subject to the *Regulation respecting compensation for municipal services provided to recover and reclaim residual materials* (http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=2&file=//O_2/Q2_R10_A.htm).
- Implemented two new programs that apply the principle of ecoconditionality as part of the Québec Public Transit Policy (http://www.mtq.gouv.qc.ca/portal/page/portal/grand_public_en/transport_collectif/politique_quebecoise_transport_collectif), aimed at increasing public transit use in order to reduce greenhouse gas emissions.
- Continued initiatives aimed at reducing and avoiding GHG emissions (http://www.mddep.gouv.qc.ca/changements/plan_action/index-en.htm) in its economy (e.g., reimbursement of up to \$1000 of the Québec Sales Tax on the purchase of the lowest energy consumption hybrid vehicles, establishment of tax incentives for companies that cover the costs of transit passes for employees, investments of 1.5 billion dollars over the next three years to maintain and renew public transit infrastructure and equipment).

Article 3 – Levels of Protection

MDDEP

- Adopted the Sustainable Development Act (http://www.mddep.gouv.qc.ca/developpement/loi_en.htm), which establishes a new management framework within the public administration.
- Launched the 2006–2012 Climate Change Action Plan (http://www.mddep.gouv.qc.ca/changements/plan_action/index-en.htm), which contains 24 actions that will be implemented to reduce or avoid GHG emissions or to adapt to climate change in key sectors such as energy, transport, industry, residual materials and agriculture, health, environment, natural resources, and territory.
- Adopted the Québec Public Transit Policy (http://www.mtq.gouv.qc.ca/portal/page/portal/grand_public_en/transport_collectif/politique_quebecoise_transport_collectif), which is directly in keeping with the implementation of sustainable development due to the economic, environmental and social dimensions of public transit use and accessibility.
- Effectuated the *Regulation respecting environmental standards for heavy vehicles* (<http://www.mddep.gouv.qc.ca/air/pieval/accreditation.htm>), which allows Québec road monitoring officers (*Contrôle routier Québec*—CRQ) to inspect the emissions of heavy vehicles on the road.
- Effectuated the *Regulation respecting contaminated soil storage and contaminated soil transfer stations* (http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/O_2/Q2R46.HTM), the purpose of which is to protect the environment against pollution from the handling of contaminated soil.
- Effectuated the *Regulation respecting compensation for municipal services provided to recover and reclaim residual materials* (http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/O_2/Q2R10.htm). New versions of the *Regulation respecting environmental impact assessment and review* (http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/O_2/Q2R9.htm).
- Effectuated the *Regulation respecting the landfilling and incineration of residual materials*, subjecting technical landfill sites to environmental impact assessment and evaluation procedures.
- Adopted the *Regulation respecting water quality in swimming pools and other artificial pools* (http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/O_2/Q2R39.htm), the objective of which is to provide a framework for the monitoring of water quality by updating quality standards, and by requiring operators to monitor targeted physicochemical and microbiological parameters.
- Kept a register of provisional clauses of the *Regulation respecting waste water disposal systems for isolated dwellings* (http://www2.publicationsduquebec.gouv.qc.ca/dynamicSearch/telecharge.php?type=3&file=/O_2/Q2R8.htm).
- Adopted the *Pesticides Management Code* (<http://www.mddep.gouv.qc.ca/pesticides/permis-en/code-gestion-en/index.htm>), which bans the retail sale (household use) and application by green space maintenance services of certain lawn pesticides.
- In terms of protection of territory: Conferred the status of projected biodiversity reserve on seven territories (6,414 square kilometers of new protected area), expanded the “Lacs-Guillaume-Delisle-et-à-l’Eau-Claire National Park Reserve” (adding 7,541 square kilometers); obtained permanent protection status for two protected areas (Lacs-Vaudray-et-Joannès Biodiversity Reserve (193 square kilometers)) and Chênaie-des-Îles-Finlay Ecological Reserve (0.94 square kilometers)); recognized nine new nature reserves on private property (nearly 2.93 square kilometers); expanded the area of protected wetlands by 741 square kilometers.

Article 4 - Publication

MDDEP

PUBLICATIONS	Source(s) of information on the Internet (all in French only)
Public Register – industrial sector	http://www.mddep.gouv.qc.ca/Industriel/registre/index.htm
Public Register – livestock production	http://www.mddep.gouv.qc.ca/certificats/index.htm (notice of agricultural project)
Register of protected areas in Québec	http://www.mddep.gouv.qc.ca/biodiversite/aires_protegees/registre/index.htm
Report on the Québec Water Policy	http://www.mddep.gouv.qc.ca/eau/politique/bilan/bilan0607.pdf
Provisional Report on the Québec Residual Materials Policy, 1998–2008	http://www.mddep.gouv.qc.ca/matieres/politique1998-2008/bilan-int.pdf
2006 Report on Residual Materials Management in Québec	http://www.recyc-quebec.gouv.qc.ca/upload/Publications/Bilan2006.pdf

All Québec laws and regulations must be published in the *Gazette officielle du Québec* (<http://www.publicationsduquebec.gouv.qc.ca/store.cfm?&ckey=CA&lang=eng>). Most administrative rulings of general application and MDDEP annual reports are published at http://www.mddep.gouv.qc.ca/ministere/rapports_annuels/rapport_0607.pdf (French only). All sectorial guidelines for environmental assessments are available at <http://www.mddep.gouv.qc.ca/evaluations/publicat.htm#dir-sec> and hard copies are available upon request.

Consultations -

- Held three public consultations on seven planned protected areas (planned biodiversity reserves in the North Shore and Gaspé regions).
- Held public hearings for the planned Kuururjuaq National Park.
- Held public consultations on two planned industrial depollution attestations and on the draft *Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere* (<http://www.mddep.gouv.qc.ca/communiques/2006/c060323-contaminants.pdf> – French only).

RECYC-QUÉBEC

Reports, programs, agreements, policies and other documents of public information are produced (in collaboration with the MDDEP, the Québec Statistics Institute (*Institut de la statistique du Québec*) and the CRIQ) and published on the RECYC-QUÉBEC website at <http://www.recyc-quebec.gouv.qc.ca/client/fr/accueil.asp>.

Article 5(1)(a) - Appointing and Training Inspectors

In 2006, all MDDEP inspectors completed a four-day legal and technical training course. The MDDEP held 13 training sessions on the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains for municipal environmental officers. CRQ officers received training to carry out road inspections under the PIEVAL.

MRNF

Wildlife protection officers receive training on the enforcement of all provisions of the environmental laws and regulations for which they are responsible.

Article 5(1)(b) - Monitoring Compliance and Investigating Suspected Violations MDDEP

MDDEP inspectors carried out 21,553 inspections in the field (nearly 40 percent of them in the agricultural sector, primarily under the program of systematic inspection of all agricultural operations) and, in enforcing the *Regulation respecting the quality of drinking water* (RQEP) (<http://www.mddep.gouv.qc.ca/eau/potable/brochure-en/index.htm>), verified some 823,000 drinking water sample test results from 4,580 drinking water distribution systems. Inspectors also carried out some 12,000

administrative audits. Subsequent to these verifications, the MDDEP issued 5,552 notices of infraction, 43 percent of which involved a breach of the RQEP. Investigators completed 225 investigative files, and 354 new files were opened.

From 1 June to 31 August, the CRQ carried out some 685 heavy vehicle inspections during an information and awareness-raising campaign among heavy vehicle owners concerning the implementation of the PIEVAL (<http://www.mddep.gouv.qc.ca/air/pieval/index.htm>).

MRNF

- Implemented 49 protection plans for wildlife species (or their habitats) designated as threatened or vulnerable, and intervened in over 781 fish habitat files, giving rise to 304 prosecution briefs and subsequent restoration requests for these habitats.

Article 5(1)(c) – Voluntary Compliance

Renewal by the MDDEP of an agreement on the training of municipal environmental inspectors in wastewater management for isolated dwellings and on groundwater catchment.

- As part of its support of watershed organizations in charge of coordinating water stakeholders, the MDDEP signed 34 funding agreements, with a value of \$2.23 million, for the implementation of integrated watershed-based water management.

Article 5(1)(d) – Non-Compliance Information

MDDEP

- Convictions in 2006 (http://www.mddep.gouv.qc.ca/Infuseur/mois_condamnations.asp)
- Annual reports on environmental compliance for the pulp and paper sector in 2004 (http://www.mddep.gouv.qc.ca/milieu_ind/bilans/pates_04/bilan04.pdf – French only) and the mining sector for 2004 (http://www.mddep.gouv.qc.ca/milieu_ind/bilans/mines04/mines04.pdf – French only)
- Report on the implementation of the *Regulation respecting the quality of drinking water* (<http://www.mddep.gouv.qc.ca/eau/potable/bilans/index.htm> – French only).

MRNF

The MRNF published 13 press releases concerning convictions (<http://www.mrnf.gouv.qc.ca/presse/communiqués-faune.jsp?idSecteur=3151&pickListYears=2006>).

Article 5(1)(e) – Issuing Bulletins on Enforcement Measures

MDDEP

Continued activities to raise awareness and disseminate information among targeted groups as regulatory provisions came into effect, as part of the implementation of the Pesticides Management Code (<http://www.mddep.gouv.qc.ca/pesticides/permis-en/code-gestion-en/index.htm>) and amendments to the *Regulation respecting permits and certificates for the sale and use of pesticides* (<http://www.mddep.gouv.qc.ca/pesticides/permis-en/index.htm>) (e.g., sent over 25,000 pamphlets to agricultural stakeholders).

CEAEQ

Published the newsletter *Parlons accréditation* (http://www.ceaeq.gouv.qc.ca/accréditation/bulletin_dec06.pdf – French only) in order to inform and raise awareness of changes to technical documents or regulations; implemented an accreditation program for establishments analyzing heavy vehicle emissions (http://www.ceaeq.gouv.qc.ca/accréditation/paeaevl/index_en.htm).

Article 5(1)(f) – Environmental Audits

MDDEP

When the MDDEP Department of Environmental Assessment (*Direction des évaluations environnementales*) issues a certificate of authorization following a decree, it produces a review report that includes a verification program. This is all sent to the regional bureau whose responsibility it is to monitor the project, as provided for in the audit program.

RECYC-QUÉBEC

Issued performance certificates to 14 new establishments as part of its recognition program ICI ON RECYCLE! (<http://www.recyc-quebec.gouv.qc.ca/client/fr/programmes-services/prog-reconnaissance/ici.asp>), which recognizes establishments whose efforts satisfy the program's admissibility criteria and are helping to achieve the goals of the *Quebec Residual Materials Management Policy, 1998–2008*.

Article 5(1)(i) - Licences, Permits or Authorisations

MDDEP

All facilities in the pulp and paper sector carried out assessment studies of their wastewater emissions with regard to the ability of the aquatic receiving environments to support these emissions as part of their first attestation. The MDDEP continued its development, and issued the first generation, of depollution attestations for industrial facilities in the mineral industry and for prime metal manufacturing.

CEAEQ

The CEAEQ accredited two new laboratories, eight establishments for the analysis of heavy vehicle emissions (<http://www.mddep.gouv.qc.ca/infuseur/communiquer.asp?no=1033>) and appointed 10 new specialists in the protection and rehabilitation of contaminated lands.

Article 5(1)(j) – Judicial, Quasi-judicial or Administrative Proceedings Undertaken

MRNF agents filed 6,224 offence reports and 6,842 counts under various laws and regulations. The MDDEP forwarded 24 statements of offence under the *Regulation respecting environmental standards for heavy vehicles* to the Justice Department.

Article 5(1)(k) – Search, Seizure or Detention

MDDEP investigators executed nearly 50 authorized entries and search warrants.

Article 5(1)(l) – Administrative Orders

The MRNF issued 18 orders to voluntarily restore wildlife habitats over the course of 2006–2007.

MEXICO PROGRESS REPORT, 2006

Country Report on Implementation of the Commitments Derived from the NAAEC

Introduction

This section of the 2006 Annual Report presents the most important activities undertaken in the realm of environmental management and protection between 1 September 2005 and 31 August 2006. It covers activities carried out by autonomous agencies—the National Water Commission (*Comisión Nacional del Agua—Conagua*), the National Institute of Ecology (*Instituto Nacional de Ecología—INE*), the Office of the Federal Attorney for Environmental Protection (*Procuraduría Federal de Protección al Ambiente—Profepa*) and the National Commission for Protected Nature Areas (*Comisión Nacional de Áreas Naturales Protegidas—Conanp*), by decentralized agencies such as the Mexican Institute for Water Technology (*Instituto Mexicano de Tecnología del Agua—IMTA*) and the National Forestry Commission (*Comisión Nacional Forestal—Conafor*), and by the Commission for Biodiversity Awareness and Use (*Comisión Nacional para el Conocimiento y Uso de la Biodiversidad—Conabio*). This report does not represent the total number of activities undertaken by the Mexican government during the period in question, nor does it account in full for those conducted under the aegis of the North American Agreement on Environmental Cooperation (NAAEC). Its purpose is to reflect Mexico's primary environmental efforts at the federal, state and local levels.

Environment, Economy and Trade

- The Commercial Forestry Plantation Development Program (*Programa para el Desarrollo de Plantaciones Forestales Comerciales—Prodeplan*) continued to promote the plantation of raw forest materials to support the production of cellulose, paper, rolled wood and timber, etc.
- 6,569 hectares of forest were set aside under changed land use guidelines and another 14,284 hectares were designated as environmental compensation. In addition, non-forested land renewal projects with a cost of P\$48 million were completed with a view toward preparing them for more sustainable productivity, primarily through the establishment and maintenance of agroforestry and forest grazing systems.
- The Forestry Development Program (*Programa de Desarrollo Forestal—Prodefor*) provided foresters with economic support to develop productive projects and incorporate technology to improve their technical management and to encourage the use of forest resources that promote the production and productivity of forest ecosystems with commercial potential.
- The Socioeconomic Research Agenda made it possible to generate the information required for estimating the economic and environmental impact of applying economic instruments for improving the environmental deployment of new and used vehicles, which in turn enabled the Metropolitan Environmental Commission and Semarnat to design a new instrument of environmental policy. Studies and analyses were conducted on the market for forest products with voluntary environmental certification and with regard to the valuation of water flow from the Colorado River in order to contribute to Mexico-US discussions on border water issues and to the debate on water conservation in the Colorado delta. A long-term forecast was also made of the demand for natural gas in Mexico in order to design environmental policy in that area.
- Among the achievements in sustainable management, the third Sustainable Management Week (*Semana de Administración Sustentable*) was held, an event that permitted Semarnat to celebrate World Environmental Day (*Día Mundial del Medio Ambiente*) by holding a number of employee

events, including workshops on waste recycling, making recycled paper, and the use and exploitation of solar energy. The National Commission for Energy Efficiency (*Comisión Nacional para el Ahorro de la Energía—Conae*) awarded the 2005 Federal Public Administration Energy Conservation prize to three Semarnat buildings: Nayarit Federal Headquarters, Yucatán Federal Headquarters and the building located at 1425 Avenida Revolución in Mexico City.

Conservation of Biodiversity

- From September 2005 to August 2006 the number of protected natural areas rose from 154 to 158 and the total protected land surface increased from 18,727,860 to 19,906,893 hectares, reaching the equivalent of 10.13 percent of Mexico's total national territory. This was made possible thanks to the successful conclusion of technical projects that support and define three river basins: the Feeder for National Irrigation District #4 (Don Manuel) – Sub-Basin of the Río Sabinas and Álamos; the Feeder for National Irrigation District #1 (Pabellón); and the feeder for the Nayarit National Irrigation District – Sub-Basin of the Río Juchipila; as well as by the extemporaneous report of the Agreement on Areas of Protected Natural Resources for the River Basins of the Valle de Bravo, Malacatepec, Tilostoc and Temascaltepec Rivers (*Acuerdo del Área de Protección de Recursos Naturales Cuenca de los Ríos Valle de Bravo, Malacatepec, Tilostoc y Temascaltepec*).
- In October 2005 the final phase of integrating the ANPs into seven regions was completed (Yucatán Peninsula, Southern Border, Northeast, Northwest, West, Gulf-Central and Southern Pacific) by reassigning the functions and mechanisms of strategic planning that establish the direct and indirect tasks of preservation as part of a global process for implementing projects that address the environmental, social and economic issues of these regions.
- Between November 2005 and March 2006, Mexico added seven new sites to the Ramsar List of Internationally Recognized Wetlands, bringing to 62 the total number of Ramsar sites in the country. This added 144,983 hectares for a total of 5,263,887 hectares protected under this international convention.
- An additional 704 Wildlife Conservation Management Units (*Unidades de Manejo para la Conservación de la Vida Silvestre—UMAs*), representing 2.27 million hectares, were established. This brought the total number of registered UMAs to 7,470, with a surface of 26.33 million hectares, equivalent to 13.4 percent of Mexico's national territory. This designation provides for the conservation through sustainable use of species and subspecies of Mexican forest life and their habitat. UMAs create alternative sources of employment, generate income and currency, enhance the value of biodiversity, encourage the survival and evolutionary processes of woodland species on national land, contribute to forestalling climate change by generating environmental services such as the preservation of hydrological cycles, nitrogen fixation, erosion control, soil formation, carbon capture, erosion control, plant fertilization, biological control of pests or the decomposition of organic waste. They also help to combat illegal trade in and privatization of samples, parts and by-products of forest life.
- Between September and December 2005 two projects for the preservation of priority species were launched, representing a step forward in actions intended to support the preservation of endangered species, the jaguar and the prairie dog.
- Within the framework of the green research agenda, a number of activities were developed, including various projects focused on the identification, dynamics and/or distribution of species of flora and fauna in different regions of the country (*ajolotes* in the Canals of Xochimilco in Mexico City; plants of coastal rosette scrub from the northeastern part of Baja California; tree seeds from the state of Mexico and pine trees from Michoacán) as well as the analysis of key ecological processes on Guadalupe Island, Baja California, with respect to both vegetation and sea animals, all of which enabled the establishment

of an overall direction for orienting conservation programs on the island and for preserving the main endangered species.

- A number of complementary actions were conducted in the areas of reforestation, preservation, conservation, land restoration and forest health, financed through the Program of Temporary Employment (*Programa de Empleo Temporal*) with a total of P\$10 million allocated to projects of conservation and restoration of forest soil on 876 hectares; phytosanitary treatment on 7 million hectares and the maintenance of 6,529 previously reforested hectares. In addition, P\$16.4 million of this program were assigned to protect the habitat for the preservation of forest life and 17 million were channeled into the prevention of forest fires, reforestation and projects on forest land.
- The Office of the Federal Attorney for Environmental Protection (*Procuraduría Federal de Protección al Ambiente*—Profepa) through its Port, Airport and Border Inspection Program (*Programa de Inspección en Puertos, Aeropuertos y Fronteras*), examined the licenses for 4,673 cross-border shipments of forest life and conducted 65 684 phytosanitary inspections across 72 inspection sites at 20 border crossings, 14 airports, 20 ports and one interior customs office, resulting in the detection of 156 examples of infested forest shipments, 20 of which were severe enough to require quarantine.
- In order to comply with the provisions set forth in the rules governing forests and to avoid the spread of pests and diseases in the nation's woodlands, 566 forest remediation notices were issued during this period, requiring clean-up programs in 22 localities with a total surface of 9,275 hectares and a volume of 389,159 m³ total tree rolls, which led to the protection of more than 900,000 forested hectares.
- From January to July 2006, Conafor undertook reforestation activities on 6,538.04 hectares (of which 1,106 correspond to conservation plantations and the rest to commercial plantations); the conservation and reforestation of 475 hectares of forest land; phytosanitary diagnosis of 202,734 hectares and the phytosanitary treatment of 4,380 hectares.
- IMTA continued to work on research and technological development projects directed toward the rational use, sustainable exploitation and conservation of water. In support of its activities, the institute's budget increased to P\$201.5 million by way of direct federal government transfers and P\$167.9 million from self-generated income for the year, for a total of P\$369.4.6 million.
- Conabio was given the legal responsibility for issuing breakdowns and prior opinions on matters of biosecurity and genetically modified organisms in accord with article 86 regarding centres of origin and genetic diversity, article 90 covering free zones and article 121 governing violations, sanctions and responsibilities under the Biosafety from Genetically Modified Organisms Act (*Ley de Bioseguridad de Organismos Genéticamente Modificados*—LBOGM), published on 18 March, 2005. In addition, as part of the activities intended to strengthen the National Biodiversity Information System (*Sistema Nacional de Información sobre Biodiversidad*—SNIB), 548 information requests were received from various constituencies. Over the course of this year, 159 applications for financial support were received, of which 75 were approved and 77 brought to conclusion. A call for projects relating to the biological knowledge of invasive species in Mexico was issued, of which three were approved.
- Conabio continued to pursue the implementation of the National Biodiversity Strategy (*Estrategia Nacional de Biodiversidad*) by promoting the process of State Studies and State Strategies for Biodiversity. The state of Morelos published its State Study in 2006.
- The map Resins and Diversity (*Copales y diversidad*) was begun, integrating information obtained through a range of biological, ecological and social studies on this important resource. In addition, a manual on the sustainable exploitation of Bursera species was produced to promote the production of resins and the extraction of their essences.

- After an outbreak of nopal moth (*Cactoblastis cactorum*) was detected on Isla Mujeres, Quintana Roo, a cross-sector program was introduced in 2006 to control its spread and eradicate the pest. This effort was spearheaded by Sagarpa (*Senasica*) in collaboration with Semarnat (Conanp, Conafor and Conabio), along with civic, professional and academic organizations that undertook joint actions with the United States.
- On 6 May 2006, Conabio, together with Sagarpa-Senasica, Aridamérica, the Islands Ecology and Conservation Group (*Grupo de Ecología y Conservación de Islas A.C.*) and The Nature Conservancy-Mexico, held the First Workshop to Establish Priorities on Invader Species that Adversely Impact Biodiversity in Mexico (*Primer taller para la determinación de prioridades en materia de especies invasoras de alto impacto para la biodiversidad de México*), bringing together a group of experts in the field. This event produced a list of established species in danger of entering the country, along with a series of recommendations and priorities to be expected on this matter.
- An analysis was prepared of the potential distribution of the salt cedar (*Tamarix ramosissima*) in Mexico, a species whose introduction was the cause of great concern for Mexico due to its ability to compete with native species and to alter whole regions by consuming water resources and increasing soil salinity. This information was brought to the attention of the International Commission on Borders and Waters Between Mexico and the United States (*Comisión Internacional de Límites y Aguas entre México y Estados Unidos*) in response to the United States' request to utilize the Asian Diorhabda beetle as a biological agent for controlling Tamarix on the northern shore of the Rio Bravo, expressing Mexico's concern regarding the possibility of introducing a potential invasive insect without proper risk evaluation.
- Conabio is collaborating with Sagarpa-Senasica as part of the recently constituted panel on invasive species of the (*Organización Norteamericana de Protección a las Plantas—NAPPO*).
- The workshop "Hazard Analysis and Critical Control Points—HACCP" is being conducted jointly with the University of Nuevo León, to learn how to utilize this tool and apply it in the risk management of invasive species.

Pollutants and Health

- Conagua added 45 major coastal tourist destinations to its Comprehensive Clean Beach Program (*Programa Integral de Playas Limpias*), through which more than 270 beaches are monitored using methods and guidelines established by the World Health Organization (*Organización Mundial de la Salud—OMS*) governing recreational marine waters. Major results of this program include studies of beach classification, public health risks, degree of toxicological impact and water quality prediction, all of which received financing from the Water Research and Development Fund (*Fondo Sectorial de Investigación y Desarrollo sobre Agua*). A total of 29 local committees of the Clean Beaches program have been established with the goal of evaluating water quality and carrying out remediation and cleanup of beaches and riverbeds.
- The total authorized capacity for the management of hazardous industrial waste on 31 December 2005 climbed to 11,397,000 tons/year in its modalities of reuse, recycling, treatment and incineration. Between January and December 2006, infrastructure for the management of dangerous waste with an installed capacity of 1,959,000 tons/year was authorized. The total infrastructure installed by December 2006 allows for the processing of 13,356,000 tons of waste, which equals 167 percent of the volume generated annually (eight million tons/year).

- Regarding toxic chemical substances, the National Ecological Institute (*Instituto Nacional de Ecología—INE*) conducted a number of studies, the most important of which include: “Regional Diagnosis of Persistent Organic Pollutants on the Coast of the Yucatan Peninsula and Southern Gulf of Mexico” (*Diagnóstico Regional de los Contaminantes Orgánicos Persistentes—COP—en la Costa de la Península de Yucatán y el Golfo Sur de México*) and “Design and Application of a Methodology for the Integrated Evaluation of Environmental Risks in Hazardous Sites of Mexico” (*Diseno y Aplicación de una Metodología para la Evaluación Integrada de Riesgos Ambientales en Sitios Peligrosos de México*) and “Biological Tests for the Ecotoxicological Evaluation of Chemical Substances” (*Pruebas Biológicas para la Evaluación Ecotoxicológica de Sustancias Químicas*). Meanwhile, the following additional studies are underway: “Biological Tests for the Ecotoxicological Evaluation of Chemical Substances: Second Laboratory Phase” (*Pruebas Biológicas para la Evaluación Ecotoxicológica de Sustancias Químicas: 2ª. Etapa de Laboratorio*); “Exposure to Polybromide Compounds and Metals in Scavenger Communities and Levels in Food and Electronic Waste Deposits in Mexico” (*Exposición a Compuestos Polibromados y Metales en Comunidades Pепенadoras y Niveles en Alimentos y en Depósitos de Basura Electrónica en México*); “Integrated Evaluation of Environmental Risk in Coatzacoalcos, Veracruz” (*Evaluación Integrada de Riesgo Ambiental en Coatzacoalcos, Veracruz*); and “Diagnosis of the Generation of Electronic Waste in Mexico” (*Diagnóstico Sobre la Generación de Basura Electrónica en México*), which will be concluded by the end of 2006.
- As part of its actions to reverse the contamination and over-exploitation of water bodies, Conagua completed water body classification studies in Veracruz, the State of Mexico, Querétaro y Sonora; similar studies are underway in Puebla, Tlaxcala, Guanajuato, Morelos, Chiapas and Hidalgo, which will regulate waste water disposal through a declaration that classifies the nation’s water bodies. Conagua has prepared a region-based diagnostic tool for preventing and controlling water pollution that applies a strategy for water recycling in the areas with highest demand. A list of potential consumers of treated waste water was prepared for the city of Querétaro, along with a technical manual for the reuse and recirculation of municipal and industrial waste water; the national registry of waste water dumping and waste water treatment plants was also updated, and 8,172 decrees were issued nationwide with respect to water quality.
- On 26 May 2006, the Air Quality Management Program for Ciudad Juárez 2006–2012 (*Programa de Gestión para la Calidad del Aire en Ciudad Juárez 2006–2012*) was presented, introducing 24 actions that will reduce air contamination in that city, with the goal of complying with the limits set forth under public health guidelines. During the first semester of 2006, eight work sessions were held with federal and state authorities, academics and the public and private sectors as well as from non-governmental organizations to reactivate air quality programs (*Programas de Calidad del Aire—Proaire*) in Monterrey, Tijuana y Guadalajara. Continuing followup was provided on the actions contained in the Air Quality Improvement Program for the Metropolitan Zone of Mexico City (*Programa para Mejorar la Calidad del Aire en la Zona Metropolitana de la Ciudad de México*) and the Proaire of Salamanca. In 2006 the first National Emissions Inventory (*Inventario Nacional de Emisiones—Inem*) was published, presenting an overview of pollutants, criteria and precursors for every state and municipality, drawing on stationary, area, mobile and natural sources. Inem not only strengthens environmental management by supporting education, research and public policy design and raising public awareness; it also represents a source of information for society-at-large.

Environmental Law and Policy

- With regard to public policy, the 2006 Annual Work Program for the Environment and Natural Resources (*Programa Anual de Trabajo 2006 del Sector Medio Ambiente y Recursos Naturales*) arranged its goals around a series of themes including: the conservation and sustainable management of ecosystems and biodiversity; pollution prevention and control; management of water resources; the promotion of transversality in public policy for sustainable development; citizen participation, environmental education, dissemination, transparency and communication; regulatory framework; environmental justice; international agenda, and good governance.
- A large number of Natural Protected Areas (*Áreas Naturales Protegidas*—ANP) are currently receiving operating budgets to finance the cost of staff, basic equipment, and operating and conservation activities through support from state and local governments, local communities, NGO's and/or academia. This funding is geared toward consolidating the preservation activities of the ANPs and complying with the required variables for institutional participation, as well as with the activities for sustainable management (including ecotourism) and environmental oversight and inspection activities jointly carried out with the Office of the Federal Attorney for Environmental Protection (*Procuraduría Federal de Protección al Ambiente*).
- Activities geared toward facilitating environmental management continued through Regulatory Improvement Programs (*Programas de Mejora Regulatoria*), with the goal of increasing coherence and transparency within the environmental regulatory framework, generating more certainty with respect to details and encouraging long-term sustainable investment. The program includes the pre-projects for developing additional Official Mexican Standards and the procedures that need improvement in various realms. As of July 2006 there has been a 45 percent increase in the number of procedures covered under this program.
- A number of actions were taken with regard to the revision, modification, publication, approval and/or cancellation of Mexican official standards (*Normas Oficiales Mexicanas*—NOM) governing the sustainable use of natural resources and environmental protection. During this period, six NOMs establishing maximum permissible limits for the release of atmospheric automobile emissions were published in the Official Federal Registry (*Diario Oficial de la Federación*), along with methodologies for the cartographic localization of the federal land maritime zone and land repossessed from the sea; sismological land studies in agricultural cattle-grazing and fallow zones; guidelines on fossil fuels for the preservation of the environment and atmospheric pollution due to sulfur recovery in oil refineries; and the description, identification and classification of hazardous waste.
- Direct regularization and activity affecting the environmental management of industry continued through the granting of sole environmental permits (*Licencias Ambientales Únicas*—LAU), instruments that set forth the necessary operating conditions for the prevention of polluting emissions. During this period, 47 LAU were issued, of which three correspond to new industrial establishments; 35 to the regularization of plants already in operation, and nine to relicensing requests from existing enterprises. Between 2001 and June 2006 527 LAU were issued. In 2005 the Ministry of Public Service (*Secretaría de la Función Pública*) commended this procedure for the results it obtained in the quality control standards set forth in the Citizens' Letter of Agreement (*Carta Compromiso al Ciudadano*—CCC), naming it one of the 10 best procedures of the Public Service Administration (*Administración Pública Federal*).
- In terms of land-use planning, 23 coordination agreements were signed with other agencies and offices of the Federal Government as well as state and local governments to launch environmental planning programs in a range of modalities. Through this process, six environmental programs were established. A total of 34 decrees were issued, including environmental ordinances under the jurisdiction of states and municipalities. Important environmental planning advances were made in four priority regions: the Gulf of California, the Burgos Basin, the Popocatepetl Volcano and its zone of influence, the

Monarch Butterfly Region and the Tuxpan River Basin. In addition, agreement and implementation were achieved on processes of environmental planning in municipalities of touristic interest, primarily in the states of Quintana Roo and Baja California Sur.

- With regard to the management of the Federal Land Maritime Zone (*Zona Federal Marítimo Terrestre*), 1,435 requests were received during the year 2005 for the use, occupation or exploitation of coastal land surfaces and/or federal coastal areas and/or land recovered from the sea, a procedure undertaken as part of the Citizens' Letter of Agreement (*Carta Compromiso al Ciudadano—CCC*) in 2004, which reached an average compliance level of 94.2 percent in 2005. In addition, in September 2005 a CCC was signed with respect to the procedure for requesting a waiver of rights and obligations for a permit to use, occupy and exploit a coastal land surface and/or federal coastal area and/or land recovered from the sea or from any other natural deposit, establishing the commitment to providing services that meet the criteria of trustworthiness, transparency, timeliness, effectiveness, honesty and amicable relationship.
- Within the National Forestry Management System (*Sistema Nacional de Gestión Forestal—SNGF*), procedures were introduced for issuing phytosanitary import certificates as well as permits for reshipments and forest abatements; remaining procedures are in a bidding process and await further programming. In addition, data capture for the entry of new information into the National Forest Registry (*Registro Forestal Nacional*) was systematized to permit new data to be integrated into the SNGF in a timely fashion.
- Actions to protect natural resources were strengthened, which enabled Profepa to seal five of the main regions dedicated to illegal traffic in live woodland species; launch five operations with alternative sustainability programs; install 154 committees under the auspices of Participatory Community Oversight (*Vigilancia Participativa y Comunitaria*), and implement 11 special programs of Inspection and Oversight in ANP's (*Inspección y Vigilancia en Áreas Naturales Protegidas*). As a result of the inspection and oversight programs, it was possible to safeguard 31,061 cubic meters of wood, 891 tons of coal, 13,562 specimens of woodland life and 42 tons of fishery products, while referring 152 presumed violators to the Federal Public Prosecutor (*Ministerio Público Federal*) and issuing fines for a total of P\$71.1 million.
- In order to strengthen and update the environmental judicial framework, among other activities, follow-up was given to the legislative process of the Biosafety from Genetically Modified Organisms Act (*Ley de Acceso y Aprovechamiento de los Recursos Biológicos y Genéticos*) and with respect to regulations, work continued on projects that relate to the General Act for the Prevention and Comprehensive Management of Wastes (*Ley General para la Prevención y Gestión Integral de los Residuos*), which took effect in 2004, and the Federal Wildlife Act (*Ley General de Vida Silvestre*).
- From September 2005 to July 2006, 438 projects related to works and service activities of the agrofishing, urban development, energy, forestry, gas, hydraulic, industrial, mining, fishing, oil, tourism and general communication sectors were evaluated in terms of their environmental impact. Of these, 392 projects were approved.

Citizen Participation

- Six public information meetings with a total participation of 805 citizens were held to discuss the environmental impact of the following projects: the Hydroelectric Project of Yesca and the Zapotillo Dam, both in the state of Jalisco, in April 2006; the Liquid Natural Gas Terminal of Manzanillo, Colima, in May 2006; the Expansion of the Terminal for Receiving, Storing and Regasification of Liquid Natural Gas of Costa Azul, Baja California, in June 2006; the GNL Terminal of Sonora and the Sonora Gas Pipeline.
- A total of 2,788 citizen applications and proposals on a range of topics was received and reviewed, of which 559 were processed through the Public Liaison of the Office of the President (*Coordinación de Atención Ciudadana de la Presidencia de la República*) and 2,229 were received directly by Semarnat.
- Within the framework of the National Consultative Council for Sustainable Development (*Consejo Consultivo Nacional para el Desarrollo Sustentable—CCDS*) and the five regional councils (Northeast, Northwest, Center, Center-West and South-Southeast), ongoing citizen participation was encouraged in the planning, execution, evaluation and follow-up of environmental and natural resource policy. There were thirteen ordinary sessions (dos of the National Consultative Council and eleven of the regional councils), as well as twelve meetings of operating groups (two national and ten regional). With regard to the process of responding to the recommendations and requests made by the CCDS, the administrative units and both autonomous and decentralized agencies of Semarnat responded to a total of 148 recommendations and 51 applications issued between September 2005 and August 2006.
- Acting through Conagua, the Federal Government put in place the following strategies: the rehabilitation and modernization of infrastructure and the technification of irrigation systems, as well as the introduction of systems of measurement, through a program of productive reconversion and the reapportionment of those districts and irrigation units with insufficient available water volume to meet current needs. This means that water management implies the participation of society as a whole, particularly that of the producers who derive its benefits along with federal, state and local authorities.
- As concerns indigenous communities, with respect to the institutionalization and transversality of ethnic perspectives, México's participation in the working group on Traditional Knowledge and Related Considerations on Article 8(j) (*Conocimientos Tradicionales y Consideraciones Conexas sobre el Artículo 8(j)*) of the Convention on Biological Diversity (*Convenio sobre la Diversidad Biológica—CDB*), (January 2006, Granada, Spain,) was particularly noteworthy, since it allowed the Mexican delegation, comprised of the Ministry of the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales—Semarnat*) and the National Commission for the Development of Indigenous Peoples (*Comisión Nacional para el Desarrollo de los Pueblos Indígenas—CDI*) to put forward a joint process of conceptual construction and follow-up to the agreement.
- Within the framework of the National Forest and Water Crusade (*Cruzada Nacional por los Bosques y el Agua*) Conafor launched the implementation of the platform of the 2005 National Forestry Culture Program throughout the country, with the participation of more than 17,516 people from various public and private institutions, as well as civic organizations created to train more people via a strategy of multiplication.
- With a budget of P\$6 million assigned to activities of forest culture, between January and July 2006 Conafor undertook more than 21,847 activities with the participation of 227,246 people. In addition, within the framework of the National Forest and Water Crusade (*Cruzada Nacional por los Bosques y el Agua*) a total of 230 reforestation projects were organized throughout Mexico, drawing on civil society, with a significant degree of media attention to forest and water culture as part of the promotion of activities related to the campaign.

- With respect to institutionalization and transversality in terms of a gender perspective in the environmental sector, this year the strategy for national training on gender and the environment introduced in 2002 was concluded, with the participation of staff from all federal agencies, including 945 officers (55% women and 45% men), with Conafor, Conagua and the operators of the Temporary Employment Program (*Programa de Empleo Temporal*) joining forces to advance this strategy. Furthermore, through subsidies for productive projects of sustainable development, support was granted to women's groups interested in the care and conservation of natural resources. Grants of P\$4,066,711 were made to 40 projects located in 27 Mexican states, with the participation of 1,083 people (113 men and 972 women) from 11 ethnic groups.
- Regarding the application of the Federal Law of Transparency and Access to Governmental Public Information (*Ley Federal de Transparencia y Acceso a la Información Pública Gubernamental*), 1,981 requests for access to information were received and duly processed, which puts Semarnat in fourth place in the entire Federal Government Administration.
-
- In July 2006, construction of the National Environmental and Natural Resources Information System (*Sistema Nacional de Información Ambiental y Recursos Naturales—SNIARN*) reached 100 percent. This database contains information on almost 1,101 statistical variables with different levels of spatial and temporal separation, as well as 386 layers of geographical information.
- Regarding the National System of Environmental Indicators (*Sistema Nacional de Indicadores Ambientales*), 134 categories were justified, documented and tabulated under eight over-arching themes: atmosphere (air quality, climate change and thinning of the stratospheric ozone layer), water (quality and availability), soil, local solid waste, hazardous waste, biodiversity, forest resources and fishery resources.

For further information, consult:

- *Secretaría de Medio Ambiente y Recursos naturales* (Semarnat) www.semarnat.gob.mx
- *Comisión Nacional de Áreas Naturales Protegidas* (Conanp) www.conanp.gob.mx
- *Comisión Nacional Forestal* (Conafor) www.conafor.gob.mx
- *Instituto Mexicano de Tecnología del Agua* (IMTA) www.imta.gob.mx
- *Comisión Nacional del Agua* (Conagua) www.cna.gob.mx
- *Instituto Nacional de Ecología* (INE) www.ine.gob.mx
- *Procuraduría Federal de Protección al Ambiente* www.profepa.gob.mx

United States Progress Report, 2006

Country Report on Implementation of the Commitments Derived from the NAAEC

The following report was submitted to the CEC Secretariat by the Government of the United States in accordance with NAAEC.

Introduction

The information included in this section of the 2006 Annual Report is intended to highlight certain activities and developments related to environmental protection for the calendar year 2006. It does not represent the full range of activities undertaken by the United States (US) government with the NAAEC, nor is it intended to reflect environmental efforts at the state, tribal, territory, or local level.

Most significant successes in fulfillment of obligations under the agreement

- The US Environmental Protection Agency (EPA) reached a major milestone by completing construction at the 1,000th site under Superfund, the federal government program that cleans up abandoned hazardous waste sites.
- EPA closed a deal making it the first federal agency to purchase renewable energy, or "green power," equivalent to 100 percent of its annual electricity needs. The agency signed a contract with 3 Phases Energy Services to purchase more than 100 million kilowatt hours (kWh) in renewable energy certificates, effective Sept. 1. The arrangement extends annual green-power purchases to more than 190 EPA facilities nationwide.
- EPA's annual Performance and Accountability Report stated that the Agency made improvements across-the-board in protecting the American public from environmental risks over the previous year. The report highlighted the agency's accomplishments under its five strategic goals: Clean Air and Global Climate Change, Clean and Safe Water, Land Preservation and Restoration, Healthy communities and Ecosystems, and Compliance and Environmental Stewardship.
- The world's largest marine conservation area off the coast of the northern Hawaiian Islands was created in order to permanently protect the area's pristine coral reefs and unique marine species. The area was designated a national monument.
- EPA and UPS partnered to develop the most fuel-efficient and cost-effective delivery vehicle in the world. The delivery truck, the first of its kind that uses EPA-patented hydraulic hybrid technology that can increase fuel efficiency by 60–70 percent in urban driving, also lowers greenhouse gas emissions by 40 percent compared to UPS's conventional diesel delivery trucks.
- The first annual Partnership for Home Energy Efficiency (PHEE) report, documenting the progress of efforts by the Department of Energy (DOE), the Department of Housing and Urban Development (HUD) and EPA to improve energy efficiency, provided that the energy efficiency of more than 325,000 homes and apartment units across the country was improved through better building techniques and energy efficiency improvements, saving consumers close to \$150 million in 2005.
- An EPA-sponsored Compliance Assistance Center (<http://www.assistancecenters.net/>) was launched to provide help in complying with environmental laws involved in shipping regulated materials across borders. Also launched was the border center's new chemical import-export issues Web site (<http://www.bordercenter.org/chem/index.cfm>), providing information for importing and exporting a variety of chemicals, including toxic substances and hazardous waste.

State of the environment

- According to surveys and the EPA, new, cleaner diesel fuel produced cleaner air. Surveys of retail stations showed that about 85 percent of highway diesel fuel met Ultra Low Sulfur Diesel (ULSD) standards, exceeding the 80 percent regulatory mandate. One hundred percent of highway diesel fuel must meet the ULSD standards by 2010.
- An online index was developed and launched by the National Oceanic and Atmospheric Administration (NOAA) to answer questions about ozone depletion and the recovery of the ozone hole. The Ozone Depleting Gas Index (<http://www.cmdl.noaa.gov/odgi>) uses simple graphs and charts to track progress in reducing the threat to Earth's ozone layer—the protective shield that prevents harmful ultraviolet radiation from reaching the surface. Scientists will update the index every year using new data collected from NOAA's global observation network.
- NOAA issued the Annual Greenhouse Gas Index (AGGI), its benchmark measurement of gases in the atmosphere that affect the Earth's climate. AGGI reflected an increase in carbon dioxide (CO₂) and nitrous oxide (N₂O) but a leveling off of methane (CH₄), and a decline in two chlorofluorocarbons (CFCs), gases that contribute to the cause of the Antarctic ozone hole. Overall, the AGGI showed a continuing, steady rise in the amount of heat-trapping gases in the atmosphere.

Changes in level of protection

- EPA signed a trilateral Statement of Cooperation with the Chinese State Environmental Protection Administration (SEPA) and the Asian Development Bank (ADB) that would support the development of cap and trade mechanisms, the use of economic and market tools to address environmental issues, and the strengthening of SEPA's regional infrastructure.
- EPA leveraged more than \$8.2 billion in private investment, more than 37,500 jobs, and more than 8,300 properties assessed for potential redevelopment, by encouraging cleanup and redevelopment of America's abandoned and contaminated waste sites (brownfields).
- EPA prevented the discharge of 31 billion pounds of pollutants through its water quality permits issued under the National Pollutant Discharge Elimination System.
- EPA produced more than 400,000 analyses of water, air, floodwater, and residual sediment samples, assessed more than 1,600 chemical facilities and refineries, and handled the disposal of more than 4 million containers of household hazardous waste to support recovery from hurricanes Katrina and Rita.
- EPA obtained commitments from industry, governments and other regulated entities to reduce pollution by nearly 900 million pounds. This report reflected a sustained three-year record of pollution reduction, totaling almost 3 billion pounds, and requiring companies to invest almost \$20 billion in pollution control equipment. More than 70 percent of these reductions were achieved by addressing high-priority air and water pollution challenges.
- The SmartWay Grow & Go program was launched to promote the environmental benefits of renewable fuels. Expanding the successful SmartWay Transport Partnership, SmartWay Grow & Go companies are encouraged to make commitments toward improving the environment through the use of renewable fuels.
- The plant Energy Performance Indicators (EPIs)—the first-ever energy efficiency ratings for corn refineries and cement plants enabling those industries to cut energy usage, save money and prevent greenhouse gases—were made available by EPA as part of a national energy performance rating system. They provide critical information for driving energy savings by enabling the comparison of energy efficiency for a specific facility in the United States to that of the entire industry.
- EPA streamlined the federal hazardous waste management requirements for cathode ray tubes and CRT glass destined for recycling. These safe, yet simplified standards aim to increase the collection and recycling of CRTs. Safely recycling CRTs saves energy and conserves resources, allows the recovered lead to be reused in other ways, and reduces the amount of lead in landfills.
- The Department of the Interior (DOI) celebrated International Migratory Bird Day by announcing more than \$3.9 million in federal grants to support Neotropical migratory bird conservation. The grants would be provided to 43 conservation partnerships in 34 US states and 17 Latin American and

Caribbean countries to undertake projects that include researching, monitoring, and managing migratory bird populations.

- NOAA Fisheries Service formally established the Aleutian Islands Habitat Conservation Area in Alaska, which covers 279,114 square nautical miles.

Government enforcement action

- More than \$4.9 billion in environmental improvements were secured and more than 890 million pounds of pollution were reduced as a result of EPA's enforcement activities this year.
- A total of \$1.3 billion in environmental improvements and 181 million pounds in pollution reductions were realized across the region comprising Arkansas, Louisiana, New Mexico, Oklahoma and Texas.
- The Puerto Rico Aqueduct and Sewer Authority (PRASA) entered into an agreement to plead guilty to an indictment charging 15 felony counts of violating the federal Clean Water Act (CWA) through the illegal discharge of pollutants from nine sanitary wastewater treatment plants and five drinking water treatment plants. Under the agreement, PRASA agreed to pay a criminal fine of \$9 million—the largest fine ever paid by a utility for violating the CWA.
- Syngenta Seeds, Inc. of Golden Valley, Minnesota agreed to pay a \$1.5 million penalty to EPA for selling and distributing seed corn that contained an unregistered genetically engineered pesticide called Bt 10.
- Mercedes-Benz would pay \$1.2 million in civil penalties to resolve its failure to promptly notify EPA about air pollution control defects on numerous 1998 - 2006 model vehicles. Mercedes also had to improve its emissions defect investigation and reporting system to ensure future compliance, at an estimated cost of approximately \$1 million per year.
- EPA reached separate settlements requiring companies that allegedly contributed to groundwater contamination at the San Gabriel Valley Superfund site near Los Angeles, Calif., to reimburse the EPA \$2,136,320.00 and the State Department of Toxic Substances Control, \$16,000 for past cleanup costs.
- The US Department of Justice (DOJ) and EPA announced a partial settlement of a case alleging violations of the New Source Review (NSR) provisions of the Clean Air Act (CAA) against the Alabama Power Company James H. Miller, Jr. Plant, a coal-fired power plant near West Jefferson, Ala. The consent decree would reduce emissions of harmful sulfur dioxide (SO₂) and nitrogen oxides (NO_x) from the Miller plant. The pollution controls and other measures required by the consent decree are expected to cost more than \$200 million.
- A multi-state CAA settlement was reached with oilseed processor Bunge North America Inc. and three of its subsidiaries, to eliminate more than 2,200 tons of harmful pollution emissions per year when fully implemented. The \$13.9 million settlement covers 12 plants in eight states.
- Schlumberger Technology Corporation (Schlumberger), headquartered in Texas, agreed to pay \$11.8 million to federal and state agencies for injuries to natural resources caused by the presence of polychlorinated biphenyls (PCBs) in the Twelvemile Creek, Lake Hartwell and surrounding areas. Schlumberger would also spend an additional \$8 to 10 million to purchase and remove two hydroelectric dams on Twelvemile Creek, and to conduct stream restoration activities.

Future Plans in Implementing the Agreement

- EPA announced new Energy Star specifications for computers and related equipment with an eye to saving US households and businesses more than \$1.8 billion in energy costs over the next five years. These new modifications are also expected to prevent greenhouse gas emissions equal to the annual emissions of 2.7 million cars.
- The United States and Mexican governments committed to developing clean energy projects in Mexico that would lead to economic benefits and enhance energy security and public health, to improve the environment at local and global levels.
- EPA, the US Agency International Development, and the Mexican government signed a letter of cooperation to advance the capture and beneficial use of methane, a greenhouse gas.

- EPA and utility companies (Southern California Edison, Pacific Gas and Electric, PacifiCorp, Nevada Power/Sierra Pacific Power, Snohomish Public Utility District, Fort Collins Utilities, and Sacramento Municipal Utility District) launched a new voluntary program that promotes environmentally responsible disposal of household refrigerators and freezers. Once implemented, the Responsible Appliance Disposal (RAD) Program would significantly reduce emissions that deplete the ozone layer and contribute to climate change.
- The three leaders of North America agreed to advance the agenda of the Security and Prosperity Partnership of North America (SPP) by focusing on five high priority initiatives:
 - The North American Competitiveness Council
 - Advancing Cooperation on Avian and Pandemic Influenza
 - North American Energy Security Initiative
 - North American Emergency Management
 - Smart, Secure Borders

Conclusion

Calendar year 2006 was another excellent year for the United States in fulfillment of our obligations under the North American Agreement on Environmental Cooperation. The success achieved regarding enforcement actions, increasing environmental levels of protection and taking action to protect the future of our shared environment was encouraging. We look forward to continuing our commitment and taking the necessary actions in hopes of further improving the state of our environment in the years to come.

2006 Financial Statements

Financial Statements of

**COMMISSION FOR
ENVIRONMENTAL COOPERATION**

December 31, 2006

**COMMISSION FOR ENVIRONMENTAL
COOPERATION**
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Auditors' Report

To the Council of the
Commission for Environmental Cooperation

We have audited the balance sheet of the Commission for Environmental Cooperation as at December 31, 2006 and the statements of revenue and expenditures, changes in capital and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair/Deloitte & Touche s.e.n.c.r.l.

Chartered Accountants

April 5, 2007

Member of
Deloitte Touche Tohmatsu

**COMMISSION FOR ENVIRONMENTAL
COOPERATION**

Statement of Revenue and Expenditures

Year ended December 31, 2006

(in Canadian dollars)

	2006	2005
	\$	\$
Revenue		
Contribution - Canada (Note 4)	3,530,094	3,605,754
Contribution - Mexico (Note 4)	3,530,094	3,605,754
Contribution - United States (Note 4)	3,530,094	3,605,754
Other revenue	439,163	336,386
	11,029,445	11,153,648
Expenditures		
Expenses related to work program - Schedule	2,822,411	3,076,679
Expenses related to specific obligations - Schedule	485,367	324,162
Expenses related to the Council meetings - Schedule	174,224	172,804
Expenses related to the JPAC - Schedule	321,592	318,116
Expenses related to the Directorate operations	340,534	318,632
Planning and evaluation	12,682	17,071
Public outreach	250,210	282,531
Salaries and employee benefits	3,679,765	3,818,332
Relocation and orientation expenses	100,857	63,054
Office expenses	85,666	72,268
Telecommunications	77,104	80,056
Rent, utilities and office maintenance	686,175	681,108
External administrative support	227,862	236,594
Operating equipment	42,494	55,065
Expenditures related to contingency fund	44,120	96,378
Amortization of capital assets	71,213	101,766
Loss on foreign exchange	287,462	65,229
	9,709,738	9,779,845
Excess of revenue over expenditures	1,319,707	1,373,803

**COMMISSION FOR ENVIRONMENTAL
COOPERATION**

Statement of Changes in Capital

Year ended December 31, 2006

(in Canadian dollars)

	Invested in capital assets	Restricted for currency fluctuation	Unrestricted	Total	
				2006	2005
	\$	\$	\$	\$	\$
Balance, beginning of year	212,570	518,900	2,235,895	2,967,365	1,593,562
Excess of revenue over expenditures (expenditures over revenue)	(71,213)	-	1,390,920	1,319,707	1,373,803
Investment in capital assets, net of financing	21,901	-	(21,901)	-	-
Balance, end of year	163,258	518,900	3,604,914	4,287,072	2,967,365

COMMISSION FOR ENVIRONMENTAL COOPERATION

Balance Sheet

As at December 31, 2006
(in Canadian dollars)

	2006	2005
	\$	\$
Assets		
Current assets		
Cash and short-term investments	7,680,446	2,993,964
Goods and services tax	164,141	388,678
Contributions receivable	-	2,949,453
Advance to employees	2,448	6,905
Other receivables	44,973	64,256
Prepaid expenses	49,070	61,247
	7,941,078	6,464,503
Capital assets (Note 3)	189,802	252,850
	8,130,880	6,717,353
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	749,225	629,162
Deferred contributions (Note 4)	1,915,434	1,885,716
Other deferred income	11,781	46,818
Employee benefits (Note 5)	765,742	741,673
Current portion of obligations under capital leases (Note 6)	14,990	13,737
	3,457,172	3,317,106
Leasehold inducements	375,082	406,339
Obligations under capital leases (Note 6)	11,554	26,543
	3,843,808	3,749,988
Commitments (Note 8)		
Capital		
Invested in capital assets	163,258	212,570
Restricted for currency fluctuation	518,900	518,900
Unrestricted	3,604,914	2,235,895
	4,287,072	2,967,365
	8,130,880	6,717,353

Approved by the Council

..... Canada
 Mexico
 United States

COMMISSION FOR ENVIRONMENTAL COOPERATION

Statement of Cash Flows

Year ended December 31, 2006

(in Canadian dollars)

	2006	2005
	\$	\$
Operating activities		
Excess of revenue over expenditures	1,319,707	1,373,803
Adjustments for:		
Amortization of capital assets	71,213	101,766
Amortization of leasehold inducements	(31,257)	(31,257)
	1,359,663	1,444,312
Changes in non-cash operating working capital items (Note 7)	3,348,720	(2,371,129)
	4,708,383	(926,817)
Investing activities		
Short-term investments	-	485,000
Acquisition of capital assets	(8,165)	(13,687)
	(8,165)	471,313
Financing activities		
Repayment of capital lease obligations	(13,736)	(11,657)
Increase (decrease) in cash and cash equivalents	4,686,482	(467,161)
Cash and cash equivalents, beginning of year	2,993,964	3,461,125
Cash and cash equivalents, end of year	7,680,446	2,993,964
Non-cash investing and financing activities		
Acquisition of capital assets under capital leases	-	26,771

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the Financial Statements

Year ended December 31, 2006

(in Canadian dollars)

1. Nature of activities

The Commission for Environmental Cooperation is an international organization that was created by the North American Agreement on Environmental Cooperation for the purpose of meeting NAFTA's environmental provisions. The Commission became operational in July 1994.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less.

Capital assets

Capital assets are recorded at cost and are amortized using the straight-line method at the following annual rates or term:

Computer equipment	20%
Software	30%
Furniture and fixtures	20%
Telephone system	30%
Equipment	30%
Leasehold improvements	term of the lease

Leasehold inducements

Leasehold inducements relate to the rental of office space by the Commission. Amortization of these inducements, over the term of the lease, is offset against rent expenses.

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the Financial Statements

Year ended December 31, 2006

(in Canadian dollars)

2. Accounting policies (continued)

Leases

Leases are classified as either capital or operating in nature. Capital leases are those which substantially transfer the benefits and risks of ownership to the lessee. Assets acquired under capital leases are amortized over their estimated useful life (Note 3). Obligations recorded under capital leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expenses.

Contributions

The Commission follows the deferral method of accounting for government contributions. Under this method, contributions are recognized as revenue in the year in which the related expenses are incurred.

The Government of Canada, the Government of Mexico and the Government of the United States of America (the "Parties") contribute to the Commission's annual budget by mutual agreement.

Funds contributed remain available for two months following the end of the financial year to discharge related obligations incurred during the year.

Foreign currency translation

Monetary assets and liabilities of the Commission denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rate. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses of the Commission denominated in foreign currencies are translated at the exchange rate in effect at the transaction dates. Translation gains and losses are presented in the Statement of Revenue and Expenditures.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the Financial Statements

Year ended December 31, 2006

(in Canadian dollars)

3. Capital assets

	2006		2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	393,215	345,902	47,313	77,159
Software	108,768	107,341	1,427	4,984
Furniture and fixtures	381,581	381,581	-	1,456
Telephone system	116,696	116,696	-	-
Equipment	171,343	171,343	-	-
Equipment financed under capital leases	63,777	40,352	23,425	37,125
Leasehold improvements	248,290	130,653	117,637	132,126
	1,483,670	1,293,868	189,802	252,850

4. Deferred contributions

	Canada	Mexico	United States	Total
	\$	\$	\$	\$
Balance, beginning of year	628,572	628,572	628,572	1,885,716
Contributions committed	3,540,000	3,540,000	3,540,000	10,620,000
Contributions transferred to revenue	(3,530,094)	(3,530,094)	(3,530,094)	(10,590,282)
Balance, end of year	638,478	638,478	638,478	1,915,434

5. Employee benefits

Employees are entitled to withdraw accumulated amounts as defined in the Rules of employment. The Commission holds the equivalent of those amounts in a restricted term deposit or bank account.

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the Financial Statements

Year ended December 31, 2006

(in Canadian dollars)

6. Obligations under capital leases

The Commission entered into capital lease agreements with a third party for office equipment. Future minimum capital lease payments required over the forthcoming years are as follows:

	\$
2007	16,933
2008	10,291
2009	2,019
	<u>29,243</u>
Less: amount representing interest charges	2,699
	<u>26,544</u>
Less: current portion	14,990
Balance	<u>11,554</u>

Interest has been charged at a rate of 7.9% and 9.9%.

7. Changes in non-cash operating working capital items

	2006	2005
	\$	\$
Goods and services tax	224,537	(177,243)
Contributions receivable	2,949,453	(2,142,814)
Advances to employees	4,457	3,980
Prepaid expenses	12,177	884
Other receivables	19,283	(64,256)
Accounts payable and accrued liabilities	120,063	161,157
Deferred contributions	29,718	(17,262)
Other deferred income	(35,037)	2,456
Employee benefits	24,069	(138,031)
	<u>3,348,720</u>	<u>(2,371,129)</u>

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the Financial Statements

Year ended December 31, 2006

(in Canadian dollars)

8. Commitments

- a) The Commission leases premises under an operating lease which expires in December 2018. Total minimum payments required over the forthcoming years are as follows:

	\$
2007	341,206
2008	341,206
2009	414,419
2010	414,419
2011	409,530
2012 and thereafter	3,273,667
	<u>5,194,447</u>

- b) The Commission has commitments of \$1,503,500 related to environmental projects and of \$411,934 related to administration and support, for a total of \$1,915,434.

9. Financial instruments

Currency risk

The Commission realizes 49% of its revenue and approximately 43% of its expenditures in U.S. dollars and is thus exposed to foreign exchange fluctuations. The Commission does not actively manage this risk.

Fair value

The carrying values of short-term assets and liabilities approximate their carrying values due to their short-term maturity.

10. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**COMMISSION FOR ENVIRONMENTAL
COOPERATION**

Schedule

**Expenses Related to the Work Program, Specific Obligations
under the North American Agreement, Council Meetings,
Joint Public Advisory Committee (JPAC) Meetings**
Year ended December 31, 2006
(in Canadian dollars)

	2006	2005
	\$	\$
Work program		
Professional fees	1,712,859	1,799,288
Travel, accommodation and meeting expenses	740,071	771,792
Publications	288,739	381,354
Office expenses	80,742	124,245
	2,822,411	3,076,679
Specific obligations under the North American Agreement on Environmental Cooperation		
Professional fees	194,641	166,499
Travel, accommodation and meeting expenses	102,792	42,163
Publication	148,284	74,130
Office expenses	39,650	41,370
	485,367	324,162
Council meetings		
Travel, accommodation and meeting expenses	151,490	158,664
Publications	16,849	5,763
Office expenses	5,885	7,552
Professional fees	-	825
	174,224	172,804
Joint Public Advisory Committee (JPAC) meetings		
Travel, accommodation and meeting expenses	305,185	248,062
Publications	10,195	21,830
Office expenses	5,662	9,438
Professional fees	550	38,786
	321,592	318,116