

# Annual Report 2007

## 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**

## **Fourteenth Regular Session of the CEC Council**

**Morelia, Michoacán, Mexico, 27 June 2007**- We, the environment ministers of Canada, Mexico and the United States, members of the Council of the Commission for Environmental Cooperation (CEC) met for our annual Regular Session and consulted with our Joint Public Advisory Committee (JPAC) and the public on 27 June 2007.

In order to set a course for the coming years, we agreed on the need for a clear understanding of current environmental conditions as well as longer-term challenges facing North America. We have instructed our Secretariat to prepare a succinct report on key issues related to the state of our environment. We also have directed the Secretariat to review and synthesize current assessments of the major environmental trends affecting North America.

We also reaffirm our interest in addressing trade and environment in an integrated manner and welcome the discussions of the senior trade and environment officials from the three countries to promote long-term competitiveness and environmental sustainability in North America and cooperation with the Free Trade Commission of the North American Free Trade Agreement (NAFTA).

Just as information is key to guiding our decisions, it is also essential for transparency and accountability to citizens. Thus, we welcome Mexico's first publication of its register of industrial pollutant emission and transfer data, the Registro de Emisiones y Transferencia de Contaminantes (RETC). This marks the achievement of the first truly North American register of pollution releases and transfers, a milestone for environmental management and public access to information in each of our countries.

Additionally, we directed that cooperation on air quality be revitalized under the CEC as outlined in the North American vision that was presented to Council. Comparable emissions inventories and monitoring systems are also vital to our efforts to reduce emissions. The development of Mexico's first national air emissions inventory, supported by the CEC, has been an important step on this regard.

On the issue of biodiversity, we directed the Secretariat to support work to protect the monarch butterfly as well as the vaquita porpoise.

Recognizing the priority the CEC has placed on "green" buildings and engaging with indigenous peoples, we announced our support for the first North American Indigenous Environmental Health Assembly to be held in 2008 and for a workshop on developing a green building rating system in Mexico.

*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 continental concern, with particular attention to the environmental challenges and opportunities presented by continent-wide free trade. The Council, the CEC's governing body, is composed of the federal environment ministers (or equivalent) of the three countries, and meets at least once a year. The Council members are Canadian Environment Minister John Baird, Mexican Secretary for Environment and Natural Resources, Juan Rafael Elvira Quesada, 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.*

# **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 2007 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>>).

In February, the CEC Council approved the 2007–2009 Operational Plan and, in March, it approved the 2007 CEC funding. During the Council session in June, the Council recognized the need for a clear understanding of current environmental conditions as well as longer-term challenges facing North America and, thus, instructed the Secretariat to prepare a report on the state of the environment and directed review of current assessments of the major environmental trends affecting the region. The Council also directed the Secretariat to support work towards the protection of the monarch butterfly and the vaquita porpoise. Recognizing the priority the CEC has placed in green buildings and engaging with indigenous peoples, the Council expressed support for the first North American Indigenous Environmental Health Assembly and for a workshop on developing a green building rating system in Mexico.

## 2. Cooperative Work Program

### (A) Information for Decision-making

Through this program, the CEC builds knowledge related to contaminants, the integrity of ecosystems, and governments' ability to ensure environmental security in North America. This program focuses on information that is key to providing answers on the state of the environment, and develops and uses information technologies to access this information.

#### *(i) 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 has progressed successfully. Work continues on standardizing laboratory protocols and data reporting as well as on promoting a national monitoring and assessment initiative in Mexico.

#### *(ii) North American Pollutant Release and Transfer Register*

Since 1995, the Secretariat has been working with the national pollutant release and transfer register (PRTR) programs of Canada, the United States and Mexico 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 listed chemicals and the industries reporting to the national PRTR programs.



In September, the CEC published *Taking Stock* for the reporting year 2004. For the first time, *Taking Stock* was able to include publicly available data from Mexico, as 2004 was the first year in which the reporting system under the Mexican *Registro de Emisiones y Transferencia de Contaminantes* (pollutant release and transfer register—RETC) became mandatory. *Taking Stock 2004* showed that industrial releases and transfers of chemicals from the set of matched industries and chemicals in Canada and the United States decreased by nine percent from 1998 to 2004. The report also featured a special chapter on transfers to recycling, along with selected data from the three countries on emissions of greenhouse gases and 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 December, the CEC held its annual PRTR Consultative Group meeting in Montreal to get feedback on the North American PRTR project and the *Taking Stock* report. The meeting is a forum for stakeholders, including governments, industry, nongovernmental organizations, and private citizens, to ask questions and make suggestions on topics for future *Taking Stock* feature chapters, as well as to obtain updates from the representatives of the PRTR programs of the three countries.

### *(iii) Enhancing North American Air Quality Management*

In 2001 under Resolution 01-05, the CEC Council agreed to promote comparability of air emissions inventory information in North America. Since then, the CEC has pursued two goals in this regard: 1) facilitating the development of comparable air emissions data for use in transborder air quality planning and 2) enhancing the public availability of air emissions information in North America.

The CEC has been carrying out extensive work in the past years on the development of North American air emissions inventories by supporting release of RETC data in Mexico, which meets Mexican planning needs and allows application to understand transborder air quality.

In 2007, the Parties convened the North American Air Working Group (NAAWG) to review the current air quality work and to formulate a comprehensive vision for enhancing North American Air Quality Management for 2010–2015. This vision was presented to Council at the June 2007 Council session in Morelia, Mexico. The Council endorsed it and directed the NAAWG to develop the implementation strategy for cooperation on air quality that the vision document proposed. It involves three fundamental components of information for air quality management for future work in 2008: assess current inventory data and related programs in Canada, Mexico and the United States, evaluate required activities to make data accessible and comparable, and assist NAAEC Parties in the development of comparable emissions inventories.

The development and release in 2006 of RETC in Mexico was an important step on this regard. Working with Mexico to assist in the update of inventories must also focus in building its capacity to provide inventory updates in 2010–2012 and beyond, allowing the creation of a comprehensive and coherent North American picture.

### *(iv) Mapping North American Environmental Issues*

In 2007, the Secretariat launched the North American Environmental Atlas <<http://www.cec.org/naatlas>> to facilitate the visualization of North American environmental information through maps. Base layers of political boundaries, populated places, roads and railroads, coastlines, lakes and rivers, and other geographic features that provide a consistent North American reference framework are available through this webpage. Various CEC projects have contributed environmental thematic map layers including renewable energy capacity, priority conservation areas, and other themes. The Secretariat is also exploring interactive mapping techniques such as a pollutant release and transfer register map layer of over thirty thousand industrial facilities and their toxic pollutants for use with Google Earth:

<<http://www.cec.org/naatlas/prtr/>>. Work continues on several new thematic map layers, including land cover, federal and state protected areas and air quality.

#### *(v) Reporting on the State of the North American Environment*

To meet NAAEC annual report requirements that include a commitment to “periodically address the state of the environment in the territories of the Parties,” the Secretariat began preparing briefing papers on North American environmental topics for delivery at the 2008 Council session.

### **(B) Capacity Building**

In developing a capacity-building strategic plan, the CEC focuses on priorities such as the abilities to assess and manage chemicals of concern, undertake pollution prevention, participate in biodiversity conservation, and improve enforcement efforts in North America.

#### *(i) Improving Private and Public Sector Environmental Performance*

The Clean Electronics Pollution Prevention Partnership (CEP3) jointly developed the Needs Assessments in Canada, Mexico and the United States, which are aimed at helping small and medium-size businesses in the electronics sector identify knowledge gaps and assess their readiness to face an increasingly complex and constrained commercial environment. The work was extended through an evaluation of potential for improved environmental design of electronics and electronic waste management in North America, with a particular focus on Supply Chain Environmental Management.

Another focus of 2007 work was on the automotive industry. In this case, efforts were on identifying key original equipment manufacturers, suppliers and other stakeholders who could lead the efforts to create an organization in Mexico similar to the Supplier’s Partnership for the Environment (SP) in the United States. A first meeting was held in October with Mexican representatives from GM, Ford and Chrysler, major automotive associations in Mexico, and representatives from the existing SP in the United States. Based on that meeting, a smaller, more focused group was identified and a discussions were started with them to create a concept for an SP-like organization in Mexico. Similar efforts in Canada are scheduled to begin in 2008.

Work continued on the Greening the Supply Chains pilot program. The report from the second phase was completed, highlighting positive environmental and economic results from the program. A third generation of companies was assembled, with Henkel, Grupo Modelo, Nestlé, Jumex, Jabones La Corona, RR Donelley, Guardian Industries, IACNA and, Bombardier as lead companies and more than 100 of their suppliers. The training is expected to be completed in 2008.

Finally, best practices and lessons learned at the municipality level in all three countries regarding renewable energy and energy efficiency were identified. This work was focused on exploring the role of procurement policies through a series of case studies.

#### *(ii) Conservation of Biodiversity*

In June 2003, 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 this Strategic Plan, the Secretariat worked in 2007 to promote: 1) conservation of North American migratory and transboundary species; 2) North American-wide monitoring in the Baja to Bering Sea (B2B) region; and 3) prevention of the impact of alien invasive species. This work produced several important results.

In March, the CEC hosted a trilateral marine protected areas workshop in La Paz, Mexico to develop a trilateral/standard “scorecard” rating scheme to assess the environmental conditions of Marine Protected Areas in the B2B region. In May, the CEC held a meeting with experts and the trilateral *ad hoc* task group on Aquatic Invasive Species in Seattle, WA, to review and tie up the different components of Trilateral Risk Assessment Guidelines for Invasive Alien Species for the plecostomus and suckermouth catfish. Also in May, the Sixth Annual Biodiversity Conservation Working Group Meeting took place in the city of Quebec, Canada.

As part of the continued 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. The CEC supported work on satellite tracking to assess population movements and habitat use by wintering pink-footed shearwaters. Also, the CEC has been supporting the design of a website to increase accessibility to species' natural history, ecology, distribution, threats and tracking projects. Under the Conservation of Biodiversity program, an extensive study on the population dynamics of the humpback whale was produced for the Mexican Pacific coast, in order to provide policy recommendations to the government, as well as to increase awareness on the species status and threats.

In October—in accordance with a Council Resolution—a trilateral multi-stakeholder group gathered in Ensenada, Mexico, to develop the North American Conservation Action Plan for the vaquita (*Phocoena sinus*), the most endangered marine mammal in the world. In December, a similar exercise was carried out to develop the North American monarch Butterfly Conservation Plan, which builds on current trilateral efforts and furthers cooperation to conserve the monarch butterfly, while promoting sustainable local livelihoods.

### *(iii) 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 (SMOC) 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. This substantial change in direction is intended to move away from a single chemical approach and align with other significant trilateral initiatives such as the Security and Prosperity Partnership, outlined in Montebello, Quebec, in August 2007, as well as the global Strategic Approach to International Chemicals Management. This renewed emphasis will be presented to the Council in 2008.

The North American Regional Action Plan (NARAP) on Lindane and Other Hexachlorocyclohexane Isomers, as well as the NARAP for Mercury, continued to be implemented by NAAEC Parties. The NARAP on Dioxins, Furans and Hexachlorobenzene was amended to conform to the new SMOC direction aimed at promoting risk reduction through Strategies for Catalyzing Cooperation. The SMOC Working Group elected to do this in order to begin focusing on four areas of cooperation, with an emphasis on capacity building. These include: developing and implementing a sustainable approach to regional monitoring, including biomonitoring; establishing a foundation for chemicals management in North America through development of a Mexican chemicals inventory; reducing the risk from chemicals of concern to North America by coordinating efforts initially on brominated flame retardants; and improving environmental performance of sectors by assessing and advising small and medium-size enterprises in the electronics sector on chemicals management and meeting international requirements to stay competitive.

## **(C) Trade and Environment**

The Trade and Environment program works on understanding the environmental effects of free trade in North America as well as identifying opportunities for policy integration, cooperation among NAFTA

partners and trade in environmental goods and services. The program also attempts to strengthen partnerships in the area of finance and the environment.

*(i) Promoting Renewable Energy and Energy Efficiency in North America*

In June, the Renewable Energy Expert Committee (REEC), created under a multi-stakeholder basis to advise the Secretariat, held its third annual meeting in Zacatecas, Mexico. The experts identified the need to further explore challenges associated with promoting renewable energies in remote areas, particularly in indigenous communities. Also, during this event, the CEC convened a meeting of industry experts and governmental officials from North America interested in developing renewable energy projects in their jurisdictions. The meeting was an opportunity to convey lessons learned in Canada and the United States, as well as to create a dialogue among industry, regulators, and entrepreneurs interested in developing renewable energy projects. This prompted the CEC to organize a joint exploration of these issues in a public meeting held in September in Winnipeg, Canada, that focused particularly on partnerships and financing challenges.

In September, the CEC initiated work to estimate non-air environmental benefits of renewable power sources as well as an initial exploration of the state of knowledge regarding the environmental effects of liquid biofuels in North America.

*(ii) Green Purchasing*

On 31 October, the North American Green Purchasing Initiative held its fifth anniversary meeting in Worcester, Massachusetts. The meeting allowed the members to take stock of work to-date and identify potential future areas of work. Further work is being focused on exploring ways to develop a platform for Green Purchasing in Mexico in partnership with existing initiatives in North America. The CEC continued to support the development of the EcoMarkets Survey as a tool to provide relevant information on trends in green procurement for decision makers.

*(iii) Ongoing Environmental Assessment of NAFTA*

As a result of the call for papers for the fourth symposium on the ongoing environmental assessment of NAFTA—to be held in 2008—twelve papers exploring the environmental impacts of trade liberalization in the services sector were selected by an advisory group.

*(iv) Harnessing the Market for Sustainability*

The review of Mexico's system of the *Unidades de Manejo y Conservación de Vida Silvestre* (Wildlife Management and Conservation Units—UMA) was completed; however, it has not produced a clear candidate to develop a biodiversity supporting market. As a result, the 2007 action plan work was postponed and further scoping was undertaken.

### **3. Secretariat Report on Green Building**

Throughout 2007 the CEC Secretariat continued research and development of its independent report on Green Building in North America. This work had commenced in 2006 pursuant to NAAEC Article 13, which provides for a report to be prepared for Council on any matter falling within the scope of the annual program of work. In February, co-hosted by the Centro Mario Molina, the CEC held an international public workshop in Mexico City to which were gathered many of the architects, planners, policy makers and companies that are pioneers in green building in Mexico. Another key step, achieved in May, was a two-day international symposium held in Seattle, WA, which featured public discussion on several of the detailed background papers commissioned to inform the CEC Secretariat's study and report. Following a period of drafting and expert review, the Secretariat submitted its final report in December to the CEC Council for their consideration.

The report makes a series of recommendations to the Council on measures to accelerate the market uptake of green building and make it standard practice for all new construction and renovation of existing buildings in North America. The final report—planned for publication in early 2008—incorporates the advice of an international advisory group that includes prominent developers and architects, sustainability and energy experts, real estate appraisers and brokers, together with local and national government representatives.

### **4. Submissions on Enforcement Matters**

Articles 14 and 15 of the NAAEC create a mechanism whereby any person or nongovernmental organization can file a submission 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 relevant to a consideration of the alleged failure by a Party to effectively enforce its environmental law. More information can be found at <<http://www.cec.org/citizen>>.

Between the entry into force of the NAAEC in 1994 and the end of 2007, 63 submissions had been filed with the Secretariat: 21 concerning Canada, 32 concerning Mexico, nine concerning the United States, and one concerning both Canada and the United States. During that time, the Secretariat dismissed or terminated 20 submissions on the basis of formal and substantive criteria set forth in Article 14 of the NAAEC. Three submissions were withdrawn by their submitters. The Secretariat recommended factual record preparation for 25 submissions. In two cases, the Council has voted against the Secretariat's recommendation. Thirteen factual records have been published.

**Submissions on Enforcement Matters—Summary for 2007**

<b>ID. NUMBER</b>	<b>SUBMITTERS</b>	<b>END-OF-YEAR STATUS</b>
SEM-02-001	Canadian Nature Federation et al.	Consolidated factual record released. The process was therefore terminated.
SEM-02-003	Sierra Legal Defence Fund et al.	Factual record released. The process was therefore terminated.
SEM-03-003	Dr. Raquel Gutierrez Najera, et al	Awaiting Council's decision on the development of a factual record.
SEM-03-004	Ángel Lara García	Awaiting Council's decision on the release of a factual record.
SEM-03-005	Waterkeeper Alliance, et al.	Awaiting Council's comments on the draft factual record.
SEM-04-005	Waterkeeper Alliance et al.	Awaiting Council's decision on the development of a factual record.
SEM-04-006	Canadian Nature Federation et al.	Consolidated factual record released. The process was therefore terminated.
SEM-04-007	Quebec Association Against Air Pollution ( <i>Association québécoise de lutte contre la pollution atmosphérique</i> )	Preparing factual record.
SEM-05-002	The Center for Biological Diversity, et al.	Process terminated under Article 15(1).
SEM-05-003	Academia Sonorense de Derechos Humanos, A.C. and Mr. Domingo Gutiérrez Mendivil	Awaiting Council's decision on the development of a factual record.
SEM-06-003	Myredd Alexandra Mariscal Villaseñor, et al.	Determining whether a factual record is warranted.
SEM-06-004	Mr. Roberto Abe Almada	Determining whether a factual record is warranted.
SEM-06-005	Sierra Club, et al.	Awaiting Council's decision on the development of a factual record.
SEM-06-006	Fuerza Unida Emiliano Zapata en Pro de las Áreas Verdes A.C.	Awaiting additional information from the concerned Party under Article 21(1)(b).
SEM-07-001	Pro San Luis Ecologico, A.C.	Determining whether a factual record is warranted.
SEM-07-002	SOS Parc Orford, et al.	Process terminated under Article 14(1).
SEM-07-003	Centro Mexicano de Derecho Ambiental A. C., et al.	Process terminated under Article 14(1).
SEM-07-004	Oday Salim, et al.	Process terminated under Article 14(1).
SEM-07-005	Víctor Manuel Hernández Mayo, et al.	Awaiting Party's response under Article 14(3).

**Submission ID: SEM-02-001 (*Ontario Logging*)**

Submitter(s): Canadian Nature Federation et al.  
Party: Canada  
Date received: 6 February 2002

*Summary of the matter addressed in the submission:*

The Submitters assert that Canada is failing to effectively enforce section 6(a) of the Migratory Bird Regulations (MBR) adopted under the Migratory Birds Convention Act 1994, with respect to migratory bird nest destruction by clear-cut logging in Ontario.

*2007 Events:*

1. On 31 January 2007, the Council voted to instruct the Secretariat to make the final factual record publicly available.
2. On 5 February 2007, the factual record was released. The process was therefore terminated.

**Submission ID: SEM-02-003 (*Pulp & Paper*)**

Submitter(s): Sierra Legal Defence Fund et al.  
Party: Canada  
Date received: 8 May 2002

*Summary of the matter addressed in the submission:*

The Submitters allege that Canada is failing to effectively enforce the pollution prevention provisions of the Fisheries Act, and provisions of the Pulp and Paper Effluent Regulations, against pulp and paper mills in Quebec, Ontario and the Atlantic provinces.

*2007 Events:*

1. On 31 January 2007, the Council voted to instruct the Secretariat to make the final factual record publicly available.
2. On 5 February 2007, the factual record was released. The process was therefore terminated.

**Submission ID: SEM-03-003 (*Lake Chapala II*)**

Submitter(s): Dr. Raquel Gutierrez Najera, et al.  
Party: Mexico  
Date received: 23 May 2003

*Summary of the matter addressed in the submission:*

The Submitters assert that Mexico is failing to effectively enforce its environmental law with respect to the management of the Lerma-Chapala-Santiago-Pacífico basin, resulting in serious environmental deterioration and uneven water distribution in the basin, as well as the risk that Lake Chapala and its migratory birds will eventually disappear.

*2007 Events:*

1. Council is deliberating on the instructions for the constitution of the factual record.

**Submission ID: SEM-03-004 (*Alca-Iztapalapa II*)**

Submitter(s): Angel Lara García  
Party: Mexico  
Date received: 17 June 2003

*Summary of the matter addressed in the submission:*

The Submitter asserts that Mexico is failing to effectively enforce Article 150 of the General Law of Ecological Balance and Environmental Protection (*Ley General del Equilibrio Ecológico y la Protección al Ambiente—LGEEPA*), with respect to a citizen complaint filed with the Office of the Federal Attorney General for Environmental Protection (*Procuraduría Federal de Protección al Ambiente—Profepa*) in 1995, regarding environmental irregularities in the operation of a footwear materials factory located in the Santa Isabel Industrial neighborhood of Iztapalapa Delegation in Mexico, D.F., where the Submitter lives.

*2007 Events:*

1. On 6 August 2007, the Secretariat submitted a draft factual record to Council, for a 45-day comment period on the accuracy of the draft.
2. On 19 September 2007, the Secretariat received comments from the governments of Canada and United States on the draft factual record.
3. On 20 September 2007, the Secretariat received comments from the government of Mexico on the draft factual record.
4. On 16 November 2007, the Secretariat submitted a final factual record to Council for Council's vote on whether to make the final factual record publicly available.

**Submission ID: SEM-03-005 (*Montreal Technoparc*)**

Submitter(s): Waterkeeper Alliance, et al.  
Party: Canada  
Date received: 14 August 2003

*Summary of the matter addressed in the submission:*

The Submitters assert that Canada is failing to effectively enforce section 36(3) of the Fisheries Act, with respect to polychlorinated biphenyls (PCBs), polycyclic aromatic hydrocarbons (PAHs) and other pollutants being discharged from Technoparc, the site of an historic industrial and municipal waste landfill.

*2007 Events:*

1. On 3 December 2007, the Secretariat submitted a draft factual record to Council, for a 45-day comment period on the accuracy of the draft.



**Submission ID: SEM-04-005 (*Coal-fired Power Plants*)**

Submitter(s): Waterkeeper Alliance et al.  
Party: United States  
Date received: 20 September 2004

*Summary of the matter addressed in the submission:*

The Submitters assert that the United States is failing to effectively enforce the federal Clean Water Act against coal-fired power plants for mercury emissions to air and water that are allegedly degrading thousands of rivers, lakes and other waterbodies across the United States.

*2007 Events:*

1. Council is deliberating on the instructions for the constitution of the factual record.

**Submission ID: SEM-04-006 (*Ontario Logging II*)**

Submitter(s): Canadian Nature Federation et al.  
Party: Canada  
Date received: 12 October 2004

*Summary of the matter addressed in the submission:*

The Submitters allege that Canada is failing to effectively enforce Section 6(a) of the Migratory Bird Regulations adopted under the Migratory Birds Convention Act, 1994, in regard to logging in four forest management units in Ontario.

*2007 Events:*

1. On 31 January 2007, the Council voted to instruct the Secretariat to make the final factual record publicly available.
2. On 5 February 2007, the factual record was released. The process was therefore terminated.

**Submission ID: SEM-04-007 (*Quebec Automobiles*)**

Submitter(s): Quebec Association Against Air Pollution (Association québécoise de lutte contre la pollution atmosphérique)  
Party: Canada  
Date received: 3 November 2004

*Summary of the matter addressed in the submission:*

The Submitter asserts that Canada, and more specifically the province of Quebec, is failing to effectively enforce its environmental regulations in connection with emissions of hydrocarbons, carbon monoxide and nitrogen oxides from post-1985 light vehicle models.

*2007 Events:*

1. The Secretariat continued its preparation of a factual record.

**Submission ID: SEM-05-002 (*Coronado Islands*)**

Submitter(s): The Center for Biological Diversity, et al.  
Party: Mexico  
Date received: 3 May 2005

*Summary of the matter addressed in the submission:*

The Submitters assert that Mexico is failing to effectively enforce its environmental laws by permitting the construction of a liquid natural gas re-gasification terminal, immediately adjacent to the Coronado Islands.

*2007 Events:*

1. On 18 January 2007, the Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record.
2. On 26 March 2007, the Secretariat withdrew its Notification of 18 January 2007, under Article 15(1) of the North American Agreement on Environmental Cooperation, that a factual record is warranted for the submission, and terminated the process for the submission.

**Submission ID: SEM-05-003 (*Environmental Pollution in Hermosillo II*)**

Submitter(s): *Academia Sonorense de Derechos Humanos, A.C.* and Mr. Domingo Gutiérrez Mendivil  
Party: Mexico  
Date received: 30 August 2005

*Summary of the matter addressed in the submission:*

The Submitters assert that Mexico is failing to effectively enforce its environmental laws by failing to take actions to prevent air pollution in areas under state and municipal jurisdiction, to establish and keep up-to-date a national air quality information system, and to devise state and municipal urban development plans indicating the zones in which polluting industrial facilities may be sited.

*2007 Events:*

1. On 4 April 2007, the Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record.

**Submission ID: SEM-06-003 (*Ex Hacienda El Hospital II*)**

Submitter(s): Myredd Alexandra Mariscal Villasenor, et al.  
Party: Mexico  
Date received: 17 July 2006

*Summary of the matter addressed in the submission:*

The Submitters assert that Mexico is failing to effectively enforce its environmental law with respect to alleged illegal acts occurring during the operation, closing and dismantling of a facility for pigments for paint production operated by BASF Mexicana, S.A. de C.V. ("BASF") from 1973 to 1997. A prior submission with similar claims (SEM-06-001-Ex Hacienda El Hospital) filed by another submitter was withdrawn on 8 June 2006.

*2007 Events:*

1. On 10 January 2007, the Secretariat received a response from the concerned government Party and began considering whether to recommend a factual record.

**Submission ID: SEM-06-004 (*Ex Hacienda El Hospital III*)**

Submitter(s): Mr. Roberto Abe Almada  
Party: Mexico  
Date received: 22 September 2006

*Summary of the matter addressed in the submission:*

The Submitter asserts that Mexico is failing to effectively enforce its environmental law with respect to the operation, closure and dismantling of a paint pigment manufacturing plant operated by BASF Mexicana, S.A. de C.V. (BASF) in Cuautla, in the state of Morelos.

*2007 Events:*

1. On 10 January 2007, the Secretariat received a response from the concerned government Party and began considering whether to recommend a factual record.

**Submission ID: SEM-06-005 (*Species at Risk*)**

Submitter(s): Sierra Club (United States and Canada), et al.  
Party: Canada  
Date received: 10 October 2006

*Summary of the matter addressed in the submission:*

The Submitters assert that Canada is failing to effectively enforce the federal Species at Risk Act (SARA) with respect to at least 197 of the 529 species identified as at risk in Canada, so as to frustrate the Act's purpose: preventing wildlife species from becoming extirpated or becoming extinct and providing for the recovery of wildlife species that are extirpated, endangered or threatened as a result of human activity.

*2007 Events:*

1. On 8 February 2007, the Secretariat received a response from the concerned government Party and began considering whether to recommend a factual record.
2. On 10 September 2007, the Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record.

**Submission ID: SEM-06-006 (*Los Remedios National Park*)**

Submitter(s): Asociación Fuerza Unida Emiliano Zapata en Pro de las Areas Verdes, A.C.  
Party: Mexico  
Date received: 9 November 2006

*Summary of the matter addressed in the submission:*

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.

*2007 Events:*

1. On 19 January 2007, the Secretariat notified the submitter(s) that the submission did not meet all of the Article 14(1) criteria and the submitter(s) had 30 days to provide the Secretariat with a revised submission that conforms with Article 14(1).
2. On 2 March 2007, the Secretariat received a revised submission and began to analyze it.
3. On 20 April 2007, the Secretariat determined that the revised submission met the criteria of Article 14(1) and requested a response from the concerned government Party in accordance with Article 14(2).
4. On 16 July 2007, the Secretariat received a response from the concerned government Party and began considering whether to recommend a factual record.
5. On 27 November 2007, the Secretariat requested additional information from the concerned government Party under Article 21(1)(b).

**Submission ID: SEM-07-001 (*Minera San Xavier*)**

Submitter(s): Pro San Luis Ecológico, A.C.  
Party: Mexico  
Date received: 5 February 2007

*Summary of the matter addressed in the submission:*

The Submitter asserts that Mexico is failing to effectively enforce its environmental laws with respect to the authorization of an open-pit mining project in the town of Cerro de San Pedro, San Luis Potosí.

*2007 Events:*

1. On 5 February 2007, the Secretariat began a preliminary analysis of the submission under the guidelines.
2. On 4 April 2007, the Secretariat notified the submitter(s) that the submission did not meet all of the Article 14(1) criteria and the submitter(s) had 30 days to provide the Secretariat with a revised submission that conforms with Article 14(1).
3. On 4 May 2007, the Secretariat received a revised submission and began to analyze it.
4. On 29 June 2007, the Secretariat determined that the revised submission met the criteria of Article 14(1) and requested a response from the concerned government Party in accordance with Article 14(2).
5. On 25 September 2007, the Secretariat received a response from the concerned government Party and began considering whether to recommend a factual record.

**Submission ID: SEM-07-002 (Mount Orford Park)**

Submitter(s): SOS Parc Orford, et al.  
Party: Canada  
Date received: 22 February 2007

*Summary of the matter addressed in the submission:*

The Submitters assert that Canada, and more specifically the province of Quebec, failed to effectively enforce Articles 1, 4 and 5 of its Parks Act (*Loi sur les parcs*) as well as its Sustainable Development Act (*Loi sur le développement durable*) by adopting legislation in June 2006 that removed a ski resort and golf course from Mt. Orford National Park, with the intention of offering them for sale.

*2007 Events:*

1. On 22 February 2007, the Secretariat began a preliminary analysis of the submission under the guidelines.
2. On 12 March 2007, the Secretariat notified the submitter(s) that the submission did not meet all of the Article 14(1) criteria and the submitter(s) had 30 days to provide the Secretariat with a revised submission that conforms with Article 14(1).
3. The thirty-day term expired without the Secretariat receiving a submission that conformed to Article 14(1). The process was terminated on 12 April 2007, under guideline 6.2.

**Submission ID: SEM-07-003 (Seal Hunting)**

Submitter(s): Centro Mexicano de Derecho Ambiental A.C., et al.  
Party: Canada  
Date received: 26 June 2007

*Summary of the matter addressed in the submission:*

The Submitters assert that the Canadian government is failing to effectively enforce its environmental laws with respect to the harp seal hunt that takes place in the Gulf of St. Lawrence and along the Newfoundland and Labrador coast in Canada every year in the spring.

*2007 Events:*

1. On 26 June 2007, the Secretariat began a preliminary analysis of the submission under the guidelines.
2. On 13 July 2007, the Secretariat notified the submitter(s) that the submission did not meet all of the Article 14(1) criteria and the submitter(s) had 30 days to provide the Secretariat with a revised submission that conforms with Article 14(1).
3. On 23 August 2007, the Secretariat received a revised submission and began to analyze it.
4. On 6 September 2007, the Secretariat determined that the revised submission did not meet the Article 14(1) criteria and terminated the process under guideline 6.3.

**Submission ID: SEM-07-004 (St. Clair River)**

Submitter(s): Oday Salim, et al.  
Party: Canada  
Date received: 25 July 2007

*Summary of the matter addressed in the submission:*

The Submitters allege that Canada is failing to effectively enforce its environmental law by not preventing chemical and sewage spills to the St. Clair River in Sarnia, Ontario, and failing to notify downstream areas in the St. Clair-Detroit River corridor about spill incidents.

*2007 Events:*

1. On 25 July 2007, the Secretariat began a preliminary analysis of the submission under the guidelines.
2. On 1 August 2007, the Secretariat notified the submitter(s) that the submission did not meet all of the Article 14(1) criteria and the submitter(s) had 30 days to provide the Secretariat with a revised submission that conforms with Article 14(1).
3. The thirty-day term expired without the Secretariat receiving a submission that conformed to Article 14(1). The process was terminated on 31 August 2007, under guideline 6.2.

**Submission ID: SEM-07-005 (*Drilling Waste in Cunduacán*)**

Submitter(s): Víctor Manuel Hernández Mayo, et al.  
Party: Mexico  
Date received: 26 July 2007

*Summary of the matter addressed in the submission:*

The Submitters assert that Mexico is failing to effectively enforce its environmental laws with respect to a sludge treatment and disposal project being carried out by *Consorcio de Arquitectura y Ecología* (Caresa) in the municipality of Cunduacán, Tabasco.

*2007 Events:*

1. On 26 July 2007, the Secretariat began a preliminary analysis of the submission under the guidelines.
2. On 12 September 2007, the Secretariat notified the submitter(s) that the submission did not meet all of the Article 14(1) criteria and the submitter(s) had 30 days to provide the Secretariat with a revised submission that conforms with Article 14(1).
3. On 3 October 2007, the Secretariat received a revised submission and began to analyze it.
4. On 13 December 2007, the Secretariat determined that the revised submission met the criteria of Article 14(1) and requested a response from the concerned government Party in accordance with Article 14(2).

## 5. Report from the Joint Public Advisory Committee

On 2 May, the CEC's Joint Public Advisory Committee (JPAC) held its first session for 2007 in Seattle, Washington, in conjunction with the CEC International Symposium on Green Building. The main objective of the meeting was to receive additional public commentary on the background papers commissioned by the CEC Secretariat and presented by their authors a day before. The information gathered at this session was incorporated into a report for consideration by the CEC Secretariat. Also in May, JPAC provided Advice 07-01 to Council, based on the feedback received at their Roundtable on Conservation and Trade held in 2006, in Cancún, Mexico. The recommendations provided in the Advice centered on the CEC's three program priorities.

In June, in parallel with the Regular Session of the CEC Council, JPAC held a public workshop on Environmental Facts, Trends and Scenarios in North America. The presentations made at the workshop provided the audience with an overall picture of how climate change and habitat loss, due to unsustainable forestry practices, are affecting our shared environment. Special emphasis was placed on the plight of the monarch butterfly across North America.

In late September, JPAC conducted a workshop in Winnipeg, Canada, on Engaging Indigenous Communities in the Work of the CEC, featuring sessions with expert speakers from indigenous communities, governmental agencies, nongovernmental organizations and institutions from Canada, Mexico and the United States. This event was held in conjunction with the CEC's trade and environment forum during the North American Indigenous Communities Renewable Energy Forum. As a result of the meeting, JPAC provided the Council with Advice 07-02, which included short-, medium- and long-term recommendations under each of the program priorities. In its Advice, JPAC proposed actions ranging from new capacity building efforts to reduce dietary risks from lindane and its isomers in Mexico, helping communities to develop alternative energy and ecotourism projects.

JPAC also conducted a public consultation on the 2008 CEC Operational Plan, which describes the cooperative action to protect and enhance the North American environment. The plan is focused on implementation of priorities established by the Council on environmental information, sustainability, trade and environment, pollutants and health and conservation of species.

In early December, JPAC held its fourth session in San Antonio, Texas, to discuss the Article 14 and 15 submission process as a vehicle for enabling public oversight of the effective environmental law enforcement by the NAAEC Parties. JPAC is drafting an Advice to Council on the outcome of the meeting. More information on JPAC activities, its members, and its Advice and Reports to Council can be found at: <http://www.cec.org/jpac/>.

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# Country Reports

**Canada Progress Report, 2007**

**Country Report on Implementation of the Commitments Derived from the NAAEC**

**PART I: Government of Canada**

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

**FEDERAL GOVERNMENT**

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

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 2007, the third Canadian Environmental Sustainability Indicators (CESI) report (feature report and highlights report) was released in collaboration with Statistics Canada and Health Canada.

The table below provides an overview of some of the latest measurements for key indicators of environmental sustainability.

Indicator	Improvement
<i>Air quality</i>	Ground-level ozone, a key component of smog, can harm human health, including causing lung and respiratory problems. Nationally, human exposure to ground-level ozone levels increased 13 percent between 1990 and 2007, and increased 2 percent from 2006 to 2007.
<i>Greenhouse gas emissions</i>	Greenhouse gas emissions trap heat in the atmosphere and warm the planet. The results of this warming include rising sea levels and more frequent severe storms and heat waves. Canada’s greenhouse gas emissions increased by 26 percent between 1990 and 2007. Emissions in 2007 were 4 percent higher than in 2006 and set a new peak for emission levels—0.8 percent higher than the previous peak in 2004.
<i>Freshwater quality</i>	Freshwater quality of Canada’s surface waters has been evaluated with respect to the ability to support aquatic life—the most sensitive requirement of this resource. For 377 sites monitored across southern Canada from 2004 to 2006, water quality was rated as “excellent” at 6 percent of sites, “good” at 42, “fair” at 29 percent, “marginal” at 18 and “poor” at 4 percent.

Further details on the 2007 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.

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

### **Environmental Emergencies Management System (E2MS)**

2007 saw the coming into force of the federal *Emergency Management Act 2007*, which assigned a statutory responsibility on all federal ministers to ensure that each department, agency or Crown Corporation that they represent has an emergency preparedness plan to deal with civil emergencies related to their area of accountability. In the case of Environment Canada, the Minister is accountable for developing and maintaining civil emergency plans covering the identification, assessment and mitigation of environmental hazards and their associated risks. The National Plan identifies a variety of environmental hazards and describes the steps Environment Canada undertakes to minimize their impacts on the environment.

Also in 2007, amendments were made to the *Environmental Emergency Regulations (Canada Gazette, Part I)*, which added 34 substances and associated thresholds quantities to the current list of 174 substances which require facilities to develop and implement environmental emergency plans that address prevention, preparedness, response, and recovery. The amendments seek to clarify requirements for propane, ammonia, and annual testing, and eliminate potential duplication with the *Transportation of Dangerous Goods Act*. Regulated facilities are required to submit notices through our online reporting database, within the mandated timelines, to Environment Canada if they exceed the prescribed thresholds for the published substances and prepare an environmental emergency (E2) plan. The E2 plans are to be tested and updated yearly. The amendments would bring an increase in the number of facilities that must prepare E2 plans.

For more information on the amendments to the Environmental Emergency Regulations, please see <http://www.gazette.gc.ca/archives/p1/2007/2007-06-09/html/reg1-eng.html>.

## **Article 2(1)(d) – Scientific Research and Technology Development**

Science and technology (S&T) is the foundation of Environment Canada's work and accounts for the majority of the Department's budget and staff. Over two-thirds of the Department's budget and more than half of its workforce is dedicated to science and technology.

In 2007, Environment Canada completed and published its first-ever Science Plan. The Science Plan sets out a clear mission for Environment Canada's science over the next ten years. For more information, please see <http://www.publications.gc.ca/site/eng/302770/publication.html>.

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

The Canadian Environmental Assessment Agency is responsible for administering the Canadian Environmental Assessment Act and broadly promoting environmental assessments across the federal government through training, guidance, funding for public participation and providing recommendations during the environmental assessment process. Individual departments conduct environmental assessments for their own projects, working with the CEAA. In 2007, the Agency undertook the role of Federal Environmental Assessment Coordinator (FEAC) for 139 multi-jurisdictional screenings and 37 comprehensive studies. Establishing a FEAC for each environmental assessment (EA) undertaken assists departments and agencies in working together and with other jurisdictions to improve the coordination and harmonization of EA processes.

Further information regarding Canadian Environmental Assessment Agency can be found at <http://www.ceaa.gc.ca/default.asp?Lang=En&n=D75FB358-1>.

Statistical summaries and other information regarding Environment Canada's environmental assessments can be found at <http://www.ceaa.gc.ca/default.asp?lang=En&n=4F451DCA-1>

### **Article 2(1)(f) – Economic Instruments**

Environment Canada has promoted the use of economic instruments for the efficient achievement of environmental goals. Whether they are for individual households, organizations or businesses, several economic incentive programs have been put in place to help reduce energy use, promote green technologies and participate in other types of environmental endeavours. Details on some of the measures taken can be found at <http://www.ec.gc.ca/financement-funding/default.asp?lang=En&n=EF8AE9FC-1> and [http://canmetenergy-canmetenergie.nrcan-rncan.gc.ca/eng/about\\_us/ottawa/funding/incentive\\_program.html](http://canmetenergy-canmetenergie.nrcan-rncan.gc.ca/eng/about_us/ottawa/funding/incentive_program.html).

### **Article 2(3) – Export Controls**

In 1999, the Canadian Environmental Protection Act (CEPA) was enacted. The Act governs all matters regarding export controls. In accordance with section 103 of the Act, Canada publishes a list of prohibited substances that have been exported from Canada for approved purposes, including destruction. The 2007 export control list is available at <http://www.ec.gc.ca/lcpe-cepa/default.asp?lang=En&xml=9AA858F3-9D00-278E-9129-73CF5AF96D38>.

### **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. For more information on the registry and the SARA, please see [http://www.sararegistry.gc.ca/default\\_e.cfm](http://www.sararegistry.gc.ca/default_e.cfm).

Beginning in 2007, a National Framework for Species at Risk Conservation was set up to support the Accord for the Protection of Species at Risk and the *Species at Risk Act* implementation by providing a set of common principles, objectives and overall approaches to facilitate cooperation among all jurisdictions. Environment Canada is currently leading the development of a suite of policies to support this framework, including clarifying the intent of authorities and provisions under the *Species at Risk Act*; establishing guiding principles for implementation of the Act; and clarifying the roles and responsibilities of various jurisdictions involved in species-at-risk protection and recovery.

In addition, the Government of Canada signed the Cooperation Agreement for the Protection and Recovery of Species at Risk in Québec with the Province of Québec and the Canada-Saskatchewan Agreement on Species at Risk with the Province of Saskatchewan in order to coordinate actions to protect and recover species at risk and their habitats. These agreements promote exchanging of information, increasing knowledge on species at risk and wildlife, and reducing duplication of effort.

In terms of enforcement, the federal government has committed funding for an additional 38 new officers in the field for wildlife enforcement. As well, the Wildlife Enforcement Program, with funding from the Canadian Space Agency, continued the Space for Habitat pilot project to test the ability of satellite-based and earth observation technologies to improve allocation of resources to high-priority habitat protection needs in Canada and to support wildlife enforcement officers in the field.

At the global level, Environment Canada's International Trade in Endangered Species program is responsible for ensuring Canada's obligations as a signatory to the *Convention on International Trade in Endangered Species of Wild Fauna and Flora* (CITES) are met through the effective implementation of the *Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act* (WAPPRIITA). In April 2007 it was announced that Canada had joined the international "Coalition Against Wildlife Trafficking" (CAWT). The Coalition aims to address the illegal trade of plants and animals, so that joining the Coalition complements Canada's commitment to CITES.

### *Migratory Birds Convention Act, 1994*

The Migratory Birds Convention Act, 1994 (MBCA 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-ewe/default.asp?lang=en&n=3DF2F089-1>.

### *Toxic Substances*

In 2007, two significant programs were announced as part of the federal government's broad environmental agenda: the Chemicals Management Plan, drafted in collaboration with Health Canada; and the Clean Air Agenda. In addition, a toxics research program and a toxics monitoring plan were initiated in support of CEPA 1999, as was a joint strategy and the coordination of activities relating to research of toxics. Research is being conducted on the presence, fate and discharge of a large number of priority substances, including brominated flame retardants (BFRs), pigments and dyes, pesticides and pharmaceutical products in municipal wastewaters and biosolids.

### *Other Federal Government Departments*

Fisheries and Oceans Canada (DFO) continues to work with the Canadian Coast Guard (CCG) as a Special Operating Agency. In this arrangement, CCG delivers maritime services that contribute to the protection of the marine and freshwater environment. In 2007, the Canadian Coast Guard responded to 1,363 marine pollution incidents, representing a five percent increase from the previous year.

Also, Parks Canada reports that it is on target to meet its objectives of assessing and ranking contaminated sites in national parks or historic sites/canals and to develop a remediation or risk management plans for all sites by 2009. The percentage of remediated or risk-managed sites has increased from 63.8 percent (2006) to 67.3 percent (2007); an increase of 3.5 percent compared to last year.

Lastly, as part of the Chemicals Management Plan (CMP) "Challenge" initiative, health Canada identified 200 substances of highest priority, leading to assessments and management plans for substances such as bisphenol-A in baby bottles. Furthermore, health Canada has also made progress on the re-evaluation of older pesticide active ingredients: with 274 of the 401 active ingredients being re-evaluated. In terms of its First Nations initiatives, Health Canada reports the completion of six environmental site assessments and remedial activities at 10 contaminated sites on-reserve. Of 56 contaminated sites on-reserve, 44 have been remediated, with the rest to be completed by 2012. We also inspected 94 fuel storage tanks, upgraded or

replaced three tanks, and provided training in 27 communities to improve First Nations capacity to look after sites. The department also provided funding for the National First Nations Environmental Contaminants Program and the Northern Contaminants Program through six community-based projects on the health effects of environmental contaminants on reserves.

#### **Article 4 – Publications**

No regulation changes were initiated or notices published in 2007. For information on regulation changes during other years, please see <http://www.ec.gc.ca/lcpe-cepa/eng/regulations/?n=54FE5535-1>.

#### **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.

As an example of the commitment to enforcement action, in the 2007 budget, the Government directed supplemental funding toward improving the environmental protection laws, including a 50 percent increase in the number of enforcement officers. In addition, funding was set aside for the monitoring and enforcement along Canada's coasts, as well as an investment in the Canadian Coast Guard for six new large vessels to support its role in enforcement. Further information on Budget 2007 can be found at: <http://www.fin.gc.ca/access/budinfo-eng.asp>.

In terms of enforcement activities and measures under of the *Fisheries Act*, EC carried out 3,767 compliance verification inspections; 39 investigations, involving gathering and analyzing evidence and information relevant to a suspected violation; and two charges, six convictions and issued 188 written warnings.

#### **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 2007, there were no applications for investigation by the Minister, under CEPA s. 17 and no private prosecutions launched under s. 22 CEPA.

## **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 2007, five Notices of Objection were filed in connection with the “Regulations Amending the Gasoline Regulations (SOR/2008-126).” None 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**

Under the Environmental Protection & Enhancement Act, the Minister must report annually on the state of Alberta's environment. The State of the Environment (SOE) report is presented on a publicly accessible website. The SOE website provides the general public with information about a wide range of environmental topics and indicators including air quality, climate, water quality and supply, land use, biodiversity, and waste management.

The indicator data reveal important trends in pressures on the environment and actions being taken by government and other parties. The SOE website is: <http://environment.alberta.ca/02488.html>.

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

The Alberta Support and Emergency Response Team (ASERT) is responsible for all aspects of environmental emergency response in Alberta. ASERT acts as a central unit to facilitate and support department-wide environmental emergency planning and response capabilities. As a result, ASERT is responsible for ensuring Alberta Environment first responders have a broad range of safety and technical knowledge to safely respond to a wide-range of environmental emergencies.

#### **Article 2 (1)(c) – Environmental Education**

The Government of Alberta (GOA) seeks to inform, educate, inspire and mobilize Albertans of all ages to engage in environmental stewardship. In 2007, Government of Alberta and Alberta Environment developed and delivered a variety of public education programs and projects for air, climate change, waste, and water including: Waste Reduction Week (<http://www.environment.gov.ab.ca/edu/wrw/index.asp>), Alberta Water Quality Awareness Day (<http://www.awqa.ca/pages/index.php>), and Environment Week

(<http://www.environment.gov.ab.ca/edu/eweek/>). Alberta Environment also supported several youth-related programs including Minister for the Day (<http://www.environment.gov.ab.ca/edu/mftd/index.asp>) and the Youth Environmental Summit.

In August 2007, Alberta Environment approved a department education framework *Learning for Sustainability*. The Framework provides high-level strategies that Alberta Environment will pursue, in the short to medium term, that will guide educational activities across the department, and enable the achievement of longer-term environmental outcomes.

#### **Article 2(1)(d) – Scientific Research and Technology Development**

The Alberta Research Council (ARC) is a provincial corporation that works with industry to bring technological developments into commercial practice. The ARC conducts applied research and provides advice and technical information to a wide range of organizations, from small firms to large multinational corporations. It provides research and development services to bridge the gap between basic research and market development.

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

Alberta Environment administers Alberta's laws governing Environmental Assessment under the *Environmental Protection and Enhancement Act* and the *Water Act*. Detailed information regarding Alberta Environment's environmental assessment processes can be found at <http://www.environment.alberta.ca/1274.html>.

#### **Article 4 – Publications**

The Government of Alberta's Acts and Regulations are published by the Queen's Printer <http://www.qp.alberta.ca/index.cfm>.

#### **Article 5 – Government Enforcement Action**

##### **Article 5(1)(e) – Issuing Bulletins or other Periodic Statements on Enforcement Measures**

Annual and quarterly Compliance Assessment Enforcement Reports are available at: <http://environment.alberta.ca/01292.html>.



## MANITOBA

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

Under *The Sustainable Development Act* proclaimed in 1998, the Manitoba government must prepare a sustainability report based on an established set of indicators representing environment, economic and social dimensions. The first Provincial Sustainability for Manitoba was released in 2005. The next report will be released in 2009. See <http://www.gov.mb.ca/conservation/sustainabilityreport/>.

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

#### **Environmental Emergencies Management System (E2MS)**

Manitoba Conservation Regional Operations Division co-ordinates delivery of programs and services at the community level, including response to environmental emergencies. See <http://www.gov.mb.ca/conservation/regoperations/index.html>.

Manitoba Emergency Measures Organization is responsible for the overall provincial emergency program, ensuring safety for citizens, their property and the environment. 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* (<http://www.edu.gov.mb.ca/k12/esd/>). Sustainable development and the environment form a significant portion of the science and social studies curriculums.

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 Government of Manitoba's "Seeing Green to Protect our Environment" Campaign highlights Manitoba's green initiatives and achievements while providing information on how individuals, business, and government can make greener choices. The campaign involved billboards, media advertisements, and a website (<http://news.gov.mb.ca/news/?archive=2013-02-01&item=16552>).

### **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/eal/index.html>). Public hearings of the Clean Environment Commission may be recommended for a project if there is significant public concern (<http://www.cccmanitoba.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/pollutionprevention/funding/index.html>).

## **ARTICLE 4 – Publications**

Government of Manitoba Acts and Regulations are published through the Queen's Printer – Statutory Publications (<http://www.gov.mb.ca/chc/statpub/>). 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/registry.html>).

## **ARTICLE 5 – GOVERNMENT ENFORCEMENT ACTION**

### **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.gov.mb.ca/conservation/regoperations/index.html>.

## QUEBEC

### **Article 2(1)(a) – State of the environment**

In 2007–2008, the Department of Sustainable Development, Environment and Parks (*ministère du Développement durable, de l'Environnement et des Parcs*—MDDEP) disseminated 55 new state of the environment documents (see Appendix 5 of the annual management report: [http://www.mddep.gouv.qc.ca/ministere/rapports\\_annuels/index.htm](http://www.mddep.gouv.qc.ca/ministere/rapports_annuels/index.htm)) 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>) or of one of its partners, Québec Centre of Hydric Expertise (*Centre d'expertise hydrique du Québec*: <http://www.cehq.gouv.qc.ca/>). Québec produces an annual GHG report (see <http://www.mddep.gouv.qc.ca/changements/ges/index.htm>). RECYC-QUÉBEC (see <http://www.recyc-quebec.gouv.qc.ca/client/fr/accueil.asp>) published a 2006 overview on waste management in Québec, along with a document characterizing residential waste (*Caractérisation des matières résiduelles du secteur résidentiel au Québec 2006–2007*).

### **Article 2(1)(b) – Develop and Review Environmental Emergency Preparedness Measures**

The MDDEP operates an emergency response system (see <http://www.mddep.gouv.qc.ca/ministere/rejoindr/urgence-en.htm>) throughout its territory, with regional departments ensuring continuous preparedness of the territories they cover. In terms of planning and preparation, in 2007 it focused on maritime spills, held workshops, and carried out a major exercise in conjunction with the nuclear emergency plan for the Gentilly-2 nuclear power station.

## **Article 2(1)(c) – Education in Environmental Matters, including Environmental Law**

The MDDEP made available tools for carrying out its approach to sustainable development to governmental departments and organizations:

- Pilot guide for the development of a sustainable development action plan
- Pilot guide for the consideration of sustainable development principles
- Draft of the governmental plan to raise awareness and train public administration personnel concerning the approach to sustainable development

The Government Sustainable Development Strategy sets out orientations and objectives for education and prevention. The MDDEP has provided training and guidance for nearly 150 departments, organizations and Crown corporations in developing its Sustainable Development Plan; has set up a government consultation table on provincial environmental objectives and another on environmentally responsible acquisition practices.

Quebec held technical support meetings with watershed organizations in order to assist them in developing [master water plans](#) for watersheds. It also revised analysis procedures for assessing new technologies (drinking water/wastewater).

RECYC-QUÉBEC: supported 57 projects through its *Programme VERRR 2008* and some 135 activities during Quebec waste reduction week, in partnership with the organization Action RE-buts. It also took part in raising public awareness through various activities. It published *RECYC-INFO* (eight regular editions, two briefs) (see [http://www.recyc-quebec.gouv.qc.ca/client/fr/rubriques/recyc\\_info.asp](http://www.recyc-quebec.gouv.qc.ca/client/fr/rubriques/recyc_info.asp)).

It continued the used tire programs *Programme québécois de gestion intégrée des pneus hors d'usage 2002–2008* and the *Programme de vidage des lieux d'entreposage des pneus hors d'usage au Québec 2001–2008*.

It launched an awareness campaign (*Votre voix écolo*) in the print media to inform citizens of the means and reasons to recycle more and better (*Éco Entreprises Québec—ÉEQ*), the *Fédération Québécoise des Municipalités* (FQM), RECYC-QUÉBEC, *Recyclemédiás*, and the *Union des municipalités du Québec* (UMQ)).

## **Article 2(1)(d) – Scientific Research and Technology Development**

Quebec funded chairs on cellulosic ethanol and on geological sequestration. The MDDEP published, amended or updated 23 technical assessment sheets of the Committee on Drinking Water Treatment Technologies (<http://www.mddep.gouv.qc.ca/eau/potable/guide/procedure-en.htm>) and ten sheets for wastewater (<http://www.mddep.gouv.qc.ca/eau/eaux-usees/index-en.htm>). It produced a data sheet on wharves and harbours, and continued its implementation of the groundwater monitoring network (see <http://www.mddep.gouv.qc.ca/eau/souterraines/index.htm>) by adding 15 new groundwater level measurement stations in different regions of Québec.

It funded mapping of land use in Québec's tundra zone and research into invasive species.

The MDDEP provided guidance and funding for a socio-acoustic study on noise from snow machine traffic and an assessment of means to attenuate such noise.

RECYC-QUÉBEC held *Rendez-vous 2007 sur la gestion des matières résiduelles au Québec* (in partnership with RÉSEAU environnement) in order to discuss the main issues in waste management in Québec. It accepted ten projects under the *Programme d'aide financière aux entreprises d'économie sociale oeuvrant*

*dans le cadre des plans de gestion des matières résiduelles* (over 5,250 tonnes of waste treated and 23 jobs created).

### **Article 2(1)(e) – Assess, as Appropriate, Environmental Impacts**

Quebec has two systems for environmental impact assessment: one for southern Québec, as set out in Division IV.1 of the *Environment Quality Act* (EQA) and, for northern Québec, that of the *James Bay and Northern Quebec Agreement* (JBNQA), as set out in the same Act.

Authorization, by way of orders issued under Section 31.5 of the EQA, of 28 projects as part of the southern Quebec environmental impact assessment procedure (see <http://www.mddep.gouv.qc.ca/evaluations/index.htm>). Projects subject to this procedure are identified under the *Regulation respecting environmental impact assessment and review*—see <http://www.mddep.gouv.qc.ca/evaluations/cadre.htm>.

Authorization of nine amendments to orders regarding powers granted under Section 122.2 of the EQA.

Authorization of five projects, by way of exemption order from the impact assessment and review procedure under Section 31.6 of the EQA.

Issuance of 28 authorizations by the provincial administrator of the JBNQA as part of northern Quebec enforcement procedures. Of these 28 authorizations, 16 were issued under section 164 (one authorization and 15 amendments to authorizations) for projects located south of the 55th parallel, and 12 were issued under section 201 (four authorizations and eight amendments) for projects located north of the 55th parallel.

### **Article 2(1)(f) – Economic Instruments**

Integrated the principle of ecoconditionality (aimed at making government funding conditional on compliance with environmental standards) into the Government Sustainable Development Strategy 2008–2013. MDDEP collaboration with *Financière agricole du Québec* and the Department of agriculture, fisheries and food (*ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec*—MAPAQ) to ensure the implementation of ecoconditionality measures to indicate that their funding is dependent on compliance with agricultural regulations.

Announcement by the Quebec government of the ClimatSol program, aimed providing funding for the reclamation of contaminated lands and for fighting climate change. ClimatSol is a partnership program that anticipates funding contributions from both the government and partners.

Revenue generation through enforcement of the *Regulation respecting the charges payable for the disposal of residual materials* (85 percent was redistributed to municipalities to support them in implementing their waste management plans).

Collection of revenue for the Green Fund (fees levied for waste disposal and fees related to climate change levied under the *Regulation respecting the annual duty payable to the Green Fund*).

Development of a new version of the Ministerial Order on fees charged for environmental authorization requests in order to promote progressive application of the user-pays principle.

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). In 2007, 68 facilities were subject to these fees.

### Article 3 – Levels of Protection

In December 2007, adopted the Government Sustainable Development Strategy 2008–2013 (see [http://www.mddep.gouv.qc.ca/developpement/strategie\\_gouvernementale/index\\_en.htm](http://www.mddep.gouv.qc.ca/developpement/strategie_gouvernementale/index_en.htm)) following the unanimous recommendations that stemmed from public consultations and a parliamentary commission (fall 2007). This Strategy sets out, as required by the *Sustainable Development Act*, the vision, directions (9) and objectives (29) that the government has fixed in its sustainable development process.

#### Directions

1. Inform, make aware, educate, innovate
2. Reduce and manage risks to improve health, safety and the environment
3. Produce and consume responsibly
4. Increase economic efficiency
5. Address demographic changes
6. Practice integrated, sustainable land use and development
7. Preserve and share the collective heritage
8. Promote social involvement
9. Prevent and reduce social and economic inequality

Adoption and implementation of the MDDEP plan for raising awareness and training concerning the sustainable development process, of a departmental framework of environmental management, and of an annual departmental action plan for environmental management.

Entry into effect of the Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere, of the Regulation respecting the reuse of water containers with a capacity exceeding 8 litres, of an amendment to the Regulation respecting halocarbons (postponing the deadline for affected workers to obtain an environmental qualification attestation for halocarbons to June 2008).

Adoption of the *Regulation respecting pulp and paper mills*.

Publication of an update to the 2007 implementation of the 2006–2012 Climate Change Action Plan and an update to the 2008 document.

Recognition of the Tortue-des-Bois-de-la-Shawinigan nature reserve (Pierre-Lambert sector), with an area of 27.1 hectares, and the enlargement of the Marais-du-Nord nature reserve.

Acceptance of 26 projects under the *Programme de conservation du patrimoine naturel en milieu privé* (acquisition of a total area of 9.72 km<sup>2</sup> for conservation purposes). These acquisitions will help protect some 20 occurrences of threatened or vulnerable species, or those likely to be so designated, and especially fragile ecosystems, including, in particular, two exceptional forest ecosystems and wetlands. Acceptance of 39 other projects aimed at providing financial support for natural reserve establishments recognized under the *Natural Heritage Conservation Act*. The establishment of a conservation easement is planned.

Total area of protected areas representing 4.9 percent of Quebec's territory.

Launch of the concerted action plan on agri-food and harmonious coexistence (*Plan d'action concerté sur l'agroenvironnement et la cohabitation harmonieuse 2007–2010*), developed jointly with MAPAQ and the *Union des producteurs agricoles* (UPA). The plan includes measures related to water quality, reduction and rationalization of pesticide use, biodiversity, climate change, and energy efficiency, as well as to harmonious coexistence.

Amendment of Section 29.1 of the *Agricultural Operations Regulation* (ban on spreading municipal wastewater sludge on farmland growing crops for human consumption, as well as on vegetable gardens, unless the sludge (biosolids) have been certified as being compliant by the Quebec standards bureau).

## Article 4 – Publications

All Quebec laws and regulations are published in the *Gazette officielle du Québec*. These and most administrative rulings of general application and MDDEP annual reports are published on the MDDEP website. All sectorial guidelines for environmental assessments are also available on the website, and hard copies are available upon request. Quebec publishes a public registry of the industrial sector (see <http://www.mddep.gouv.qc.ca/Industriel/registre/index.htm>), of livestock producers (notice of project in farming areas—see <http://www.mddep.gouv.qc.ca/certificats/index.htm>), and of protected areas in Quebec (see [http://www.mddep.gouv.qc.ca/biodiversite/aires\\_protegees/registre/index.htm](http://www.mddep.gouv.qc.ca/biodiversite/aires_protegees/registre/index.htm)); it also published a review of the Québec Water Policy (<http://www.mddep.gouv.qc.ca/eau/politique/bilan/index.htm>), the 2003–2007 summary report of the Policy’s implementation, and the 2005–2006 annual review of the Policy’s implementation. Reports, programs, agreements, policies and other public documents are available on the RECYC-QUÉBEC website (see <http://www.recyc-quebec.gouv.qc.ca/client/fr/accueil.asp>).

Other MDDEP publications:

- a document defining the extended producer responsibility (EPR) approach, presenting perspectives and issues and taking stock of the situation regarding product categories that will be designated by the future regulation.
- two stories on the environment for young people 10 to 14 years old (adventures of Rafale—see <http://www.mddep.gouv.qc.ca/jeunesse/index.htm>) and 11 “did you know...” general information vignettes (see [http://www.mddep.gouv.qc.ca/jeunesse/sais\\_tu\\_que/index.htm](http://www.mddep.gouv.qc.ca/jeunesse/sais_tu_que/index.htm)).
- update to information on didymo algae.
- document on the development of an assessment method for an benthic macro-invertebrate-based ecowatch indicator for the state of agricultural tributaries (see [http://www.mddep.gouv.qc.ca/eau/eco\\_aqua/suivi\\_mil-aqua/benthos-allege.htm](http://www.mddep.gouv.qc.ca/eau/eco_aqua/suivi_mil-aqua/benthos-allege.htm)).
- various information and awareness documents: Review of pesticide sales for 2003 and 2004, see <http://www.mddep.gouv.qc.ca/pesticides/bilan/index.htm>, an information brochure on undesirable organisms in daycare centres (see <http://www.mddep.gouv.qc.ca/pesticides/permis/code-gestion/cpe-indesirable/index.htm>), a review of pesticide reduction plans for Quebec golf courses (see <http://www.mddep.gouv.qc.ca/pesticides/permis/code-gestion/guide-golf/bilan.htm>), a document about controlling the main residential lawn pests (see <http://www.mddep.gouv.qc.ca/pesticides/jardinier/pelouses.htm>).
- methodological guide for characterizing surface aquifers, and one for the characterization of aquifers in fractured sedimentary rocks (see <http://www.mddep.gouv.qc.ca/eau/souterraines/aquiferes/index.htm>).
- update to the guide for designing drinking water facilities (<http://www.mddep.gouv.qc.ca/eau/potable/guide/index.htm>), and
- update to the presentation guide for authorization requests for household wastewater treatment systems and of the related authorization form (see <http://www.mddep.gouv.qc.ca/eau/eaux-usees/index.htm>).

Held public hearings in Abitibi-Témiscamingue regarding proposed biodiversity reserves for Lac Opasatica, Lac des Quinze, the Piché-Lemoine Forest, and the Decelles Reservoir.

Held public consultations:

1. in accordance with the *Parks Act* in the Saguenay-Lac-Saint-Jean region regarding the planned enlargement of Pointe-Taillon provincial park.
2. with *Conférences régionales des élus* (CRÉ), regional county municipalities, and Aboriginal communities in order to hear their concerns about the prospect of assigning the new status of “proposed aquatic reserve” and “proposed biodiversity reserve” to nearly 30 new territories.
3. on the adoption of GHG emissions standards for light vehicles, with a view to adopting a regulation in January 2008.
4. on regulating fees levied on fossil fuels to fund the 2006–2012 Climate Change Action Plan
5. on the draft *Regulation amending the Regulation respecting hazardous materials* and the *Land Protection and Rehabilitation Regulation* (the goal being, in particular, to extend monitoring and intervention measures when contamination is detected during the replacement, removal or abandonment of high-risk petroleum equipment.
6. on 11 industrial depollution attestation projects in 2007.
7. on the draft departmental action plan on sustainable development.

## **Article 5 – Government Enforcement Measures**

### **Article 5(1)(a) – Appointing and Training Inspectors**

Held training sessions for MDDEP inspectors in all areas of regulatory enforcement and provided basic training for all inspectors who have been in their positions for at least three years.

Held training sessions for wildlife protection agents on enforcement of environmental laws and regulations.

### **Article 5(1)(b) – Monitoring Compliance and Investigating Suspected Violations**

MDDEP inspectors carried out 18,859 inspections in the field and issued 5,869 notices of infraction. Investigators completed 240 investigative files.

### **Article 5(1)(c) – Seeking Assurances of Voluntary Compliance and Compliance Agreements**

The MDDEP reached environmental performance agreements with RioTintoAlcan and ALCOA.

### **Article 5(1)(d) – Publicly releasing Non-compliance Information**

Published 2005 environmental compliance reviews for the pulp and paper and mining sectors.

Issued 89 press releases concerning environmental convictions.

#### **Article 5(1)(f) – Promoting Environmental Audits**

RECYC-QUÉBEC: The ICI ON RECYCLE! program has a logical procedure with two levels prior to the “performance attestation”: the “commitment” level and the “Implementation” level (attracted over 500 businesses in several months).

#### **Article 5(1)(g) – Requiring Record Keeping and Reporting**

Mandatory declaration of air emissions by businesses.

Publication of the Québec inventory of greenhouse gas emissions in 2006 and changes since 1990.

#### **Article 5(1)(i) – Licenses, Permits or Authorizations**

Issuance of 5,931 official documents (authorizations and permits) in accordance with the *Environment Quality Act*.

Sampling tests and lab analyses must be done by businesses accredited by a recognized authority.

Started issuing a second generation of depollution attestations to facilities in the pulp and paper sector (15 in 2007) and continued to issue first depollution attestations to facilities in the mineral industry and for prime metal manufacturing (eight in 2007).

#### **Article 5(1)(j) – Judicial Proceedings**

The MDDEP forwarded 161 statements of offence to the Director of criminal and penal prosecution.

#### **Article 5(1)(k) – Providing for Search, Seizure or Detention**

MDDEP investigators executed nearly 60 authorized entries and search warrants.

#### **Article 5(1)(l) – Administrative Orders, including Orders of a Preventative, Curative or Emergency Nature**

Four orders issued.



## Mexico Progress Report, 2007

### Country Report on Implementation of the Commitments Derived from the NAAEC

#### Introduction

The information contained in this section of the *2007 Annual Report* presents the most significant activities carried on by the Secretariat of the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*—Semarnat) with respect to environmental enforcement and protection during the period from 1 September 2006 to 31 August 2007. The report includes activities performed by 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 Natural Areas (*Comisión Nacional de Áreas Naturales Protegidas*—Conanp) as autonomous agencies; the Mexican Institute of Water Technology (*Instituto Mexicano de Tecnología del Agua*—IMTA) and the National Forestry Commission (*Comisión Nacional Forestal*—Conafor) as decentralized agencies and the National Commission for the Knowledge and Use of Biodiversity (*Comisión Nacional para el Conocimiento y Uso de la Biodiversidad*—Conabio) as an intersecretarial commission that conducts activities of importance to the environmental sector.

This section also includes progress made with respect to environmental sustainability, coherence with objectives, strategies, programs and courses of action adopted in the development of sector programs, special programs and regional programs with the jurisdiction of Semarnat and its agencies.

#### ENVIRONMENT, ECONOMY AND TRADE

- The goal to plant 250 million trees during 2007 was put before the United Nations (UN), as a measure needed to reestablish and maintain the productivity of soil and water resources. In this regard, Mexico will contribute 25 of the billion established as the agency's annual goal.
- The Interinstitutional Coordination and Collaboration Agreement was signed, setting the commitment to prevent and address beach water pollution issues and foster comprehensive environmental cleanup, as well as promoting the sustainable development of tourism destinations. The investment to clean up Mexican beaches was more than P\$1.2 billion.
- The results with the highest impact in the various components of the Mexico - Mesoamerican Biological Corridor (MBC) were:
  - *Design and monitoring of biological corridors*: The development, in conjunction with authorities, social groups and communities, of a zoning model for Yucatan's northern coast; training and capacity-building for the planning of Sustainable Rural Development Councils in the Yucatan peninsula; the drafting of five municipal sustainable development plans in Chiapas; and the articulation of territorial and micro-regional zoning in the Lacandon community.
  - *Inclusion of corridors in development programs*: Consensus of strategic approaches to municipal investment in the MBC as a whole; inclusion of communities in the Sian Ka'an-

Calakmul corridor as a priority of the investment projects of the National Commission for the Development of Indigenous Peoples (*Comisión Nacional para el Desarrollo de los Pueblos Indígenas*); incorporation of sustainability criteria in the programs of the Secretariat of Agriculture, Stockbreeding, Rural Development, Fisheries and Food (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*—Sagarpa), through municipal Sustainable Rural Development Councils in the municipalities located in the corridors; and the incorporation of priority investment zones into the Semarnat corridors program.

- *Sustainable use of biological resources*: Contribution to the farm information and training process in Chiapas and other states.
- *Specific recommendations for strategic approaches*: The funded consulting engagements periodically generate recommendations enabling the adoption of production practices, marketing, protection, conservation, policy reorientation, institutional appropriation and others, in line with sustainable development in the MBC area of action.
- Eight strategic action approaches were identified, against which the consulting engagements were framed: 1) ecotourism; 2) farming, stockbreeding, agroforestry and sustainable stockbreeding practices; 3) coffee, honey and palm; 4) sustainable forestry; 5) environmental economics; 6) wildlife; 7) monitoring and assessment and information services; and 8) knowledge exchange.
- As part of the strategies to continue the production and dissemination of know-how and technology for comprehensive water management, the Technical Project Coordinating Office for the Environmental Recovery of the Apatlaco River Basin was created in Morelos, as one of the megaprojects included in the National Infrastructure Plan.
- At the end of 2006, 191 water and environment research and development projects were concluded. Another 150 such projects were begun in 2007, addressing various subtopics related to the sustainable use of natural resources. Key projects include:
  - Program for the development, assessment, awareness and transfer of appropriate water technologies for rural and marginalized periurban communities.
  - With funding from the National Science and Technology Council (*Consejo Nacional de Ciencia y Tecnología*—Conacyt), a study was conducted on the decontamination of wastewater from contaminated soil washing, using advanced oxidation processes; toxicological evaluations were completed at beaches in Ciudad Madero, Tampico and Altamira, Tamaulipas; energy savings mechanisms were developed in water disinfecting systems using solar energy; innovative alternative methods were identified to quantify and treat arsenic from hydrogeological sources; and the application of solar photocatalysis was tested as a validated way to treat textile wastewater. The efficiency of discoloration and reduction of the toxicity of effluents with Azo dyes through three treatment processes was also evaluated and compared.
  - A project was designed for rainwater capture, treatment and distribution in San José Xacxamayo, Puebla.
  - Municipal wastewater treatment technologies were developed for small communities by percolation over organic filters, and social strategies were implemented to obtain and use water for household use in Morelos, Guerrero and Oaxaca.
  - In collaboration with the Quebec Industrial Research Center, a new technology was created to treat wastewater using biofilters. The patent is pending, for later industry licensing.
  - The last stage of the program to control diffuse pollution in the lower Lerma River basin was completed.

- The physical-chemical, biological-fisheries, toxicological and limnological assessment of the dam reservoir at Zimapán, Hidalgo was completed, and the classification study of the bay at Ixtapa-Zihuatanejo, Guerrero, continues.
- Research and development was conducted for the efficient use of water in farming. In this case, work was done to estimate evapotranspiration in tomato crops in padding, shade cloth and greenhouses; a study was done on solute transport in soil, water and broccoli crops; and technologies were developed to measure water in irrigation canals. The diversification of production in sugar cane areas was also proposed, for the efficient use of rainwater.
- In June 2007, drinking water infrastructure works were completed and put into operation. These include the seawater desalination plant in Los Cabos, Baja California Sur, with a production capacity of up to 240 liters of drinking water per second, applying state-of-the-art technology to use saltwater and brackish water to satisfy the demand for drinking water, primarily in regions without other alternatives; and the drinking water plant at Mazatlán, Sinaloa, with a capacity of 1,500 liters per second, adopting a novel process to remove iron from water. Both plants, along with another three being completed and tested in Tabasco (1,000 liters per second), Tamaulipas (150 liters per second) and Sinaloa (8 liters per second), as well as two expansions in Baja California (1,500 liters per second), will increase the installed capacity by 4.36 cubic meters per second by the end of 2007, for an additional flow of 2.80 meters per second in processed drinking water.
- Through Conafor, the federal government has implemented the ProÁrbol program as a comprehensive strategy for the conservation, restoration and sustainable use of the country's forest ecosystems. For this purpose, P\$4.8327 billion have been budgeted (in real terms, 100.8 percent more than the amount budgeted in 2006).
- Within the framework of Earth Day celebrations, the so-called Bases of Coordination were signed for the development of the environmental education program on sustainability.
- In the framework of the 2007–2012 Tourism Program for Protected Natural Areas, progress has been made with the Conservation Cultural Centers (*Centros de Cultura para la Conservación—CCC*): the Tourism Facility Design and Construction Guidelines were prepared. The CCC development is expected to have an approximate cost of P\$60 million.

## **BIODIVERSITY CONSERVATION**

- Four recovery and conservation projects were fostered for priority species under the Priority Species Recovery Program (*Programa de Recuperación de Especies Prioritarias—PREP*), and 14 meetings were held with the subcommittees on the same number of species, with the participation of national and state institutions.
- In the context of the At-Risk Species Conservation Program 2007–2012, progress was made in the creation of Species Conservation Action Programs (*Acción para la Conservación de Especies—PACE*) for five species: Vaquita porpoise, golden eagle, Mexican wolf, jaguar and leatherback sea turtle.
- The 7 June 2007 meeting of the Mexican Wolf Technical Advisory Subcommittee defined the terms of reference for two projects to reintroduce the subspecies, according to priority actions.

- The term to receive PACE-Jaguar comments ended; comments are being reviewed and included in the document to create a new draft. The document “Proposal to address the problem of cattle predation by large cats (*Panthera onca* and *Puma concolor*) in Mexico” was prepared, currently in review by the Jaguar Technical Advisory Subcommittee.
- The monitoring of 30 species in 30 protected natural areas was done, consolidating formal monitoring based on periodically executed protocols. These actions have enabled decision-making by natural area managers on site management and conservation. In March 2007, the results of the monitoring were made publicly available on the Conanp website.
- Mexico participated in the G8+5 Meeting of Environment Ministers: Biodiversity (Potsdam, Germany, 13–17 March 2007), in support of the Potsdam Biological Diversity Initiative 2010, aligned with the country’s position, which contemplates the need to prepare a study on the economic cost of the loss of biodiversity, similar to the climate change study (Stern Report), among other things.
- In the framework of the meeting on the implementation of the Convention on Biological Diversity (CBD), held in Paris from 9 to 13 June 2007, a meeting was held on 10 July to follow up on the Potsdam Initiative, where Mexico made presentations on the economic value of the loss of biodiversity and issues such as the strengthening of scientific bases, communication, education and public awareness, invasive species, trade and illegal trafficking, and others.
- Actions were carried out to evaluate the status of coastal ecosystems where shrimp is raised, to establish measures to mitigate the adverse effects and environmental restoration of farms built without complying with the environmental laws.
- During the 59<sup>th</sup> Annual Meeting of the International Whaling Commission (Anchorage, Alaska, May 2007), resolutions were adopted to call on the government of Japan to indefinitely suspend its Japanese Whale Research Program (JARPA II) in the Southern Ocean Whale Sanctuary, to consider the importance of protecting the environment, to recognize the benefits of the nonlethal use of cetaceans, and lastly to continue the moratorium on commercial whaling. The vaquita resolution, a critically endangered species endemic to Mexico, praises the country for the Threatened Species Conservation Program, which promotes the implementation of conservation programs for listed species.
- Through INE, Semarnat supports the demonstrative restoration project to improve the conditions and increase the habitat of the original plant communities associated with the rivers and marsh wetlands along the Colorado River. Results of the project include the characterization of the conditions and patterns of use of the habitat of mammals, amphibians, reptiles and fish populations; a greenhouse to produce plants for reforestation, the reforestation of Mexican Colorado River floodplains with the plants produced in the greenhouse. In 2007, habitat recovery work was done to restore another 10 hectares.
- In response to the vaquita problem, the International Committee for the Recovery of the Vaquita (*Comité Internacional para la Recuperación de la Vaquita—Cirva*) was created in the International Whaling Commission (IWC), at Mexico’s behest. INE’s work on Cirva has given Mexico international recognition in the IWC and the Society for Marine Mammalogy. Interinstitutional work is currently geared toward designing a comprehensive recovery program that contemplates the application of financial schemes for alternative production activities, implying the removal of fisheries that adversely affect the species. Within the PACE-Vaquita program, P\$35 million were allocated to support production and technology reconversion projects in exchange for the

- voluntary withdrawal of commercial fishing permits using gill nets and tangle nets. Another P\$10 million were allocated to strengthen inspections and oversight.
- To protect sea turtle nests, 16 Protected Natural Areas have been declared sanctuaries, including 23 priority beaches where inspections are conducted during nesting seasons, in coordination with other agencies such as Conanp, the Secretariat of the Navy (*Secretaría de Marina—Semar*), the Office of the Federal Attorney General (*Procuraduría General de la República—PGR*) and state governments.
  - The number of protected areas increased to 161 in 2007, with the biosphere reserve decrees issued for Sierra Gorda in Guanajuato (236,882 hectares), Bahía de los Ángeles in Baja California (387,957 hectares), and Archipiélago de Espíritu Santo in Baja California Sur (48,655 hectares). With these additions, the country's protected areas total 22,712,284 hectares, representing 11.5 percent of national territory.
  - The joint resources of the Sustainable Regional Development Program (*Programa de Desarrollo Regional Sustentable—Proders*) and the Temporary Employment Program (*Programa de Empleo Temporal—PET*) for 2006 was P\$134 million, providing expanded coverage and funding for a growing number of inland and marine Protected Natural Areas.
  - Protected Natural Areas were consolidated through an institutional presence, inter-sector sustainable management or ecotourism activities, and an inspection program covering 86.68 percent of the total area declared as protected areas through December 2004 (17,856,227 hectares). This strengthened the operation of staffed Protected Natural Areas, fostering actions such as sustainable management and synergies with other sectors and institutions, such as Profepa in the case of inspections and oversight.
  - On the international stage, Mexico had an active participation in various forums, putting the country in an unprecedented leadership position. Another site was added to the World Heritage List (the Islands and Protected Areas of the Gulf of California), and 24 new areas were added to the MAB-Unesco World Network of Biosphere Reserves, for a total of 35 listed sites in Mexico. Sites were added to the Ramsar List of Wetlands of International Importance, for a total of 67, ranking the country second worldwide, with 5,317 hectares under the scheme.
  - In the period from January to August 2007, P\$113 million were distributed for conservation actions at protected natural areas, projects aimed at the conservation and reversal of soil deterioration of non-forest soils, protection of wildlife habitats, the fostering of rural ecotourism infrastructure, solid waste management and actions to enhance environmental culture. A fraction of these funds has been reserved for managing natural disasters and other Semarnat priorities.
  - In September 2007, the Coordinating Committee for the Development of the Mexican Plant Conservation Strategy was created, in response to the decision of the Conference of the Parties to the Convention on Biological Diversity, establishing that each party must include the goals of the Global Strategy for Plant Conservation as part of its national strategies.
  - In July 2007, the 12<sup>th</sup> meeting of the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA) of the Convention on Biological Diversity (CBD) in Paris, France. The topics reviewed at the meeting include biological diversity and climate change, the application of the ecosystem approach and lessons learned in the second edition of the Global Biodiversity Outlook (GBO2).

- During 2007, Conabio had the following publications: Amphibians and Reptiles in the State of Coahuila, Mexico; Biodiversity of the Trans-Mexican Volcanic Belt; Jaguar Conservation and Management in Mexico: Case Studies and Perspectives (2<sup>nd</sup> symposium on the Mexican Jaguar in the 21<sup>st</sup> Century, Cuernavaca, Morelos, 2006); *Nymphalidae* of Mexico II – *Lybytheinae*, *Ithomiinae*, *Morphinae* and *Charaxinae*: Geographical Distribution and Illustration; A Checklist and Synopsis of American Species of Acacia (*Leguminosae: Mimosoideae*); Future in the Ancestral: Tequila, Mezcal and Other Agaves; Catalog of Species and Fishing Arts in the Veracruz Reef National Park; Medicinal Plants Used in the State of Morelos; and Water Colors: Mexican Medicinal Plants.
- A gap analysis was published in November 2007 to identify areas of importance for biodiversity and the processes and elements that maintain it, through analyses incorporating various criteria and scales to define priorities for onsite conservation.
- As regards training activities, in 2007 Conabio participated in the development of various workshops, including the following:
  - Second Mexican Monitoring Program Workshop (September 2007)
  - Cloud Forest Workshop (November 2007)
  - Capacity-building workshop for authorities involved in the oversight of the wildlife trade between Mexico and Guatemala
  - National Sea Turtle Protection Meeting
  - Workshop to exchange experiences on the development of state biodiversity strategies in southeastern Mexico
  - Workshop on the management of risks associated with exotic species
  - Workshop on pests in Mexico
  - Environmental protection workshop on invasive species aimed at federal authorities
- During 2006, the fiscal budget for protected natural areas was P\$600 million. There was a substantial increase for 2007, as the executive and legislative branches allocated a budget of P\$773 million for Conanp. This increase consolidated the fee collection mechanism, with P\$36.49 million collected, which was returned nearly intact to the protected areas for use in programs and projects. In addition, external funding was pursued with GEF-World Bank and other sources, allowing an increase in the number of staffed protected areas, to 80 of the total 161 areas declared.
- A process to systematize information, hold regional planning workshops and review indicators and proposed goals was undertaken, leading to the participative and inclusive development of the 2007–2012 National Protected Natural Areas Program, defining strategic approaches to the conservation of biodiversity.

## POLLUTANTS AND HEALTH

- To contribute to the mitigation of greenhouse gases, the goal of planting 250 million trees during 2007 was brought before the UN.
- In collaboration with Japan's International Cooperation Agency, the dispersion of stationary-source, mobile-source and area-source emissions in the city of Salamanca.
- In the field of environmental research, in late 2006 Semarnat, through INE, prepared a basic diagnostic on the generation of electronic waste, enabling it to estimate an annual volume generated between 150,000 to 180,000 tons of e-waste in Mexico, for a per capita generation from 1.5 to 1.8 kilograms.
- Based on this research, an e-waste diagnostic was begun in June 2007 for the Guadalajara and Monterrey metropolitan areas, along with the development of a model program to create e-waste management plans. A documentary review and analysis of internationally available alternatives was also performed on the issue.
- Certain efforts were undertaken on the toxic metal content of batteries and their potential release into the environment, including the collection of information from official sources such as the National Foreign Trade Bank (*Banco Nacional de Comercio Exterior—Bancomext*) and the National Institute of Geography and Information (*Instituto Nacional de Geografía e Informática—Inegi*), government reports from other countries, the Mexican Battery Association (*Asociación Mexicana de Pilas—Amexpilas*) and chemical analyses conducted by INE.
- Two studies were completed in the last quarter of 2007: one to identify and validate official data on battery use in Mexico, and another on the chemical composition of new batteries marketed in Mexico. Both included both the formal and informal markets.
- Lindane is deemed a toxic substance of concern, due to its environmental persistence and bioaccumulation, and because it is used in Mexico as a pesticide in farming, stockbreeding and public health. Therefore, during the first quarter of 2007, a risk management assessment document was drafted to be submitted to the Persistent Organic Pollutant (POP) Review Committee, to have the substance included in the Stockholm Convention, a legally binding instrument to which Mexico is party.
- As regards air quality, a new approach was approved to cooperate in the generation of data, information and analysis, to identify shared needs and priorities, in addition to coordinating policies, strategies and programs to reduce emissions and their environmental effects.
- With respect to climate change, the Intersecretarial Commission on Climate Change (*Comisión Intersecretarial de Cambio Climático—CICC*)—composed by the Secretariat of Foreign Affairs (*Secretaría de Relaciones Exteriores—SRE*), Sagarpa, the Secretariat of Communications and Transportation (*Secretaría de Comunicaciones y Transportes—SCT*), the Secretariat of Social Development (*Secretaría de Desarrollo Social—Sedesol*), the Secretariat of Economy (*Secretaría de Economía—SE*), the Secretariat of Energy (*Secretaría de Energía—Sener*) and Semarnat—presented the National Climate Change Strategy to foster adaption and mitigation measures to prevent impacts on the country's economic development and natural resources.

## ENVIRONMENTAL LAW AND POLICY

- In the framework of the process to create the 2007–2012 National Environmental and Natural Resources Program, the review and update of the Semarnat Strategic Planning Model (SPM) was begun. The ninth version of the model will include or be linked to the objectives, strategies and goals of that program. The SPM will also refer to sectoral, institutional, regional and special agency programs.
- The participative, transversal and comprehensive approach to the ecological zoning process enables the articulation of policies, programs and actions at the three levels of government, with the participation of organized civil society, under a shared and informed vision geared toward the use of zones most suitable for the production and conservation of natural assets by production sectors.
- The monitoring of air quality takes on an important role to identify and provide the information needed to assess air quality and trends in each region, and as a tool to develop prevention and control strategies, air quality management plans and comprehensive environmental policies, among other applications.
- In the framework of the Zero Tolerance Program regarding illegal felling, two inspections were conducted in different areas of the Monarch Butterfly Biosphere Reserve, securing 264.2 cubic meters of rolled timber, three cubic meters of sawed wood and nine cubic meters of sectioned wood, in addition to closing three timber storage and processing centers.
- Instruments to improve the environmental performance of production activities were created and applied, fostering the joint responsibility of producers, society and government. New strategies were used to ensure the fair distribution of costs and solve the environmental issues associated with production activities, enforcing increasingly effective, efficient, expeditious and transparent environmental laws. In this context, in the framework of the Environmental Audit Program, 940 new audits were conducted, certifying 394 companies that successfully completed their action plans for the first time. This means that, in addition to properly complying with Mexican environmental laws, certified companies have adopted environmental practices beyond the requirements of the rules. The promotion and development of environmental audits is a commitment of the three countries in the framework of the North American Agreement on Environmental Cooperation.
- To increase inspection and oversight actions in Protected Natural Areas, four new comprehensive management plans are slated for implementation this year to fight illegal felling, in addition to the continuation of 15 plans already underway in the Cuatrociénegas Flora and Fauna Protection Area; the Montes Azules, Selva El Ocote, Sierra de Manantlán, Monarch Butterfly, Sierra de Huautla, Sierra Gorda, Los Tuxtlas and Uxpanapa biosphere reserves; the El Chico, Iztaccíhuatl-Popocatepetl, Lagunas de Zempoala, La Malinche and Pico de Orizaba National Parks, and the Los Chimalapas Priority Conservation Region. A total of 19 plans have been created from 2005 to date, strengthening actions in protected natural areas accounting for an area of approximately two million hectares.
- Six special investigations were conducted to verify compliance with the environmental rules and to protect species listed as being at-risk.
- Particular attention has been given to the Upper Gulf of California and Colorado River Biosphere Reserve, where two special investigations were conducted, leading to the preventive seizure of 13.9



tons of fish, 87 vessels, 82 outboard motors and 196 fishing implements. Two persons were also handed over to the Federal Prosecutor, and more than one million sea turtle nests were protected.

- Nationally, a total of 552 civil and criminal complaints were filed in 2006, while 431 were filed in 2007.
- With respect to applications for the release of genetically modified organisms (GMOs), the corresponding reports were submitted to the Environmental Enforcement Bureau and the National Health, Innocuity and Food Quality Service (*Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria*—Senasica) in late 2006.
- During 2007, INE and Conabio jointly handled 13 requests for the release of GMOs in Mexico, all regarding transgenic cotton with herbicide tolerance, pest resistance or both.
- Conabio handled 798 information requests: 37.4 percent from public-sector entities, 31.3 percent from civil society, 24.1 percent from the academic sector, 3.41 percent from the private sector, and 3.71 percent from non-governmental organizations. Another 95 online inquiries were received. A cumulative total of 5,166 requests have been handled to date.
- The regulations to the General Wildlife Act and the Waste Prevention and Comprehensive Management Act, issued by the President and drafted by the Secretariat of the Environment and Natural Resources, entered into force.
- As regards the “reengineering of the farm pumping fee subsidy,” a document was drawn to support the proposed public policy and legal feasibility of uncoupling the subsidy.
- A total of 302 administrative agreements for reparation and restoration of damage were signed, 209 of which were in the State of Sinaloa and 12 in Sonora. The agreements establish the obligation of fish breeders to undertake to ensure proper the proper quality of water supply in shrimp farms and to control wastewater in compliance with the applicable environmental rules. In addition, 106 inspection visits were conducted to verify the extent of compliance, which totaled 50 percent.
- In the period from 1 September 2006 to 31 August 2007, the Profepa Legal Bureau recorded 28 reparation and restoration agreements forwarded by state delegations; of these, 24 were audited, while another four were signed and forwarded by the Profepa delegation in the State of Querétaro without being audited. Of the 24 audited studies, three were forwarded to the main office by the Sonora Delegation, and another three were submitted by the Sinaloa Delegation.
- Interested parties agreed to execute different types and kinds of actions by reason of the administrative procedures begun, such as: regarding hazardous waste, to have authorized treatment systems; in forestry, to donate timber resources and undertaken reforestation programs; regarding environmental impact, to execute the mitigation, compensatory and restoration measures under the damage studies; and with respect to wildlife, to conduct promotional campaigns for the protection and conservation of at-risk and endangered wild flora and fauna species.

## CITIZEN PARTICIPATION

- A citizen complaint may be filed by any individual or entity, individually or collectively, and Profepa is responsible for determining the nature of the facts or omissions reported in the complaint. During 2006-2007, 7,110 complaints were received, 7,080 of which were attended to within the term provided by the law, for 99.6 percent effectiveness of the environmental complaints filed with Profepa.
- In accordance with the 2007–2012 National Development Plan, which provides that one of its objectives is to “ensure that Mexicans have effective opportunities to fully exercise their citizen rights to participate actively in the political, cultural, economic and social life of their communities and the country” and to “assure the environmental sustainability through the responsible participation of Mexicans in the care, protection, preservation and rational use of the country’s natural wealth,” the process was begun in 2007 to draft the National Citizen Participation Strategy in the environmental sector, featuring the involvement of members of civil society, particularly the Sustainable Development Advisory Boards (*Consejos Consultivos para el Desarrollo Sustentable—CCDS*).
- Various specialized forums and seminars have been held, such as the Water Science and Culture Week, the International Sediment Forum, the National Forum on the Environmental Use of Water and Environmental Flows, and the International Seminar on Drinking Water and Sewer System Management and Regulation, which have led to recommendations to address water issues.
- With the support of educational institutions and the National Association of Water and Sewer Companies, the Open Training Program was completed in late 2006, resulting in a total of 27 events, including workshops, certificate programs and colloquia in different places in Mexico.
- An environmental education and water culture program was held at the Pátzcuaro lake basin, to help build such capacities among teachers and informal educators, to improve the environment and the quality of life along the basin. As of June 2007, 13 courses have been held, with the participation of a total of 295 students, in addition to the International Hydrological Programme, the Project WET International Foundation, and the coordination of the Regional Water and Education Programme for the Americas and the Caribbean.
- The postgraduate master of science courses designed by IMTA began in January 2007: classroom-based Water Technology with eight students, and distance-based Water Sciences with 26 students, as well as a doctor of science program in Water Technology, with 12 students. To date, the first two four-month terms have been completed at the different postgraduate levels.
- The public consultation on the Monarch Butterfly Regional Zoning Program was concluded. The committee in question approved the program, and the results of the consultation were submitted for consideration by the governments of Michoacán and Mexico State to issue the respective decree.
- The 2007–2012 program “Towards Gender Equality and Environmental Sustainability” was created, with seven public consultations, and one with specialists on gender and the environment. At these consultations, 401 persons participated (311 women and 90 men) throughout the country, with representatives of organizations and groups interested in ecosystem protection and conservation, academics and students of environmental impairment from a gender standpoint, public officials in the environmental sector (Semarnat, Conanp, Conafor, Profepa, federal delegations) and state governments, and representatives of state women’s institutes.

- As citizen participation organizations, the national and regional Sustainable Development Advisory Boards continued their work on the planning, execution, assessment and follow-up of public policies that, with respect to the environment and natural resources, fall under Semarnat jurisdiction. From December 2006 to August 2007, 13 ordinary meetings were held, with two meetings of the National Advisory Board and 11 regional board meetings.
- Board members attended 31 national and international meetings, including the Presentation of the Ecological Zoning Strategy for Seas and Coasts, the national launch of the ProÁrbol tree-planting program, meetings of the Good Neighbor Environmental Board (GNEB), the 14<sup>th</sup> Meeting of the Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the workshop to set Stockholm Convention priorities and the 14<sup>th</sup> Ordinary Meeting of the CEC Council.
- As regards citizen assistance, and in accordance with the right to petition, from December 2006 to August 2007 748 matters were received and processed, forwarded by the Federal Citizen Assistance Network of the Office of the President. The Citizen Mailbox at the Semarnat website also handled 2,857 citizen submissions from December 2006 to August 2007.
- With respect to access to information, and in accordance with the Federal Transparency and Access to Public Governmental Information Act (*Ley Federal de Transparencia y Acceso a la Información Pública Gubernamental—LFTAIPG*), 1,815 applications were taken from December 2006 to August 2007, placing Semarnat fourth among agencies in the federal public administration. A collaboration agreement was also signed between Semarnat and Access Initiative Mexico (IA-Mex), for the undertaking of Type II Initiative joint activities (Partnership for Principle 10), and an online training course was implemented by the Federal Institute for Access to Public Information (*Instituto Federal de Acceso a la Información Pública—IFAI*) for Semarnat public servants, regarding transparency and access to information.
- Various events were held, including a seminar on “The Future of Environmental Policy;” the “Economy and Climate Change” workshop to determine the costs posed by the impacts of climate change and the mitigation and adaptation policies required by Mexico; the “Environmental Offsets Seminar,” providing a first diagnostic of the current status in Mexico; and the seminar “Payment for Environmental Services,” presenting progress in the scientific measurement of the relationship between land use, basin management and conservation, and forest environmental services.
- Training was provided using a virtual learning system from the IMTA, to develop human resources in the water sector and technology transfer (e-IMTA).
- To open windows of dialogue, to build a partnership to strengthen Semarnat programs, and to evaluate environmental impact projects, 23 consultation meetings were held from December 2006 to August 2007 with different sectors of civil society: academic, social, NGOs, business, cultural and governmental. This enabled the participation of a total of 1,384 citizens.

### United States Progress Report, 2007

### Country Report on Implementation of Commitments Derived from the NAAEC

#### Introduction

The information included in this section of the 2007 Annual Report is intended to highlight certain activities and developments related to environmental protection for the calendar year 2007. 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

- Following the renewal of the US-Mexico Consultative Committee on Agriculture (CCA) in March, the organization's annual meeting was held. Trade issues were a main topic of discussion between the United States and Mexico at the bilateral forum.
- Retired US Supreme Court Justice Sandra Day O'Connor agreed to serve on an elite roster of current and former US judges to help resolve trade remedy disputes between Canada, Mexico, and the United States.
- The Trade Ministers from all three representative countries met at the annual NAFTA Commission Meeting to discuss ways to facilitate trade in specific sectors in order to foster stronger and more competitive North American value chains. The Ministers instructed officials to move forward in exploring trade facilitation in the following sectors: swine, steel, consumer electronics, and chemicals.

#### State of the Environment

- The National Oceanic and Atmospheric Administration (NOAA) Fisheries Service began the process of developing new guidance to assist regional fishery management councils in developing measures to end overfishing in all US commercial and recreational fisheries by 2010. The deadline was a new requirement under the reauthorized Magnuson-Stevens Fishery Conservation and Management Act of 2006. NOAA provides guidelines to facilitate consistent application of the law's ten national standards among the nation's fishery managers. The new regulation was a modification of the guidelines for National Standard 1 of the Act, also known as the "overfishing standard."

#### Changes in Level of Protection

- Department of the Interior proposed a plan to expand oil and natural gas development on the US Outer Continental Shelf. The multi-year program would significantly increase the nation's domestic energy supplies while protecting the coastal and marine environments, and provide a major economic stimulus to the nation and participating coastal states.
- The Government of Mexico and the Government of the United States met to discuss mutual concerns about the Colorado River. During a meeting between Secretary Kempthorne and

Ambassador Arturo Sarukhan of Mexico, the two countries consulted and agreed to continue bilateral efforts to cooperate on issues affecting the lower portion of the Colorado River.

- NOAA's National Marine Fisheries Service proposed to list the Cook Inlet beluga whale population as endangered under the Endangered Species Act, citing that the number of beluga whales in Cook Inlet waters near Anchorage decreased to an estimated 302 animals, leaving the population at risk of going extinct within 100 years.
- NOAA Fisheries Service issued a rule under the Endangered Species Act to require fishing vessels in designated fisheries to take observers on board to help collect information on by catch of sea turtles. Collected information from the observers helps better protect sea turtles from being injured or killed in fishing nets. All sea turtles in the United States are listed as endangered or threatened. Thousands die each year as a result of getting entangled in fishing gear.
- EPA approved a Northeast states' plan intended to lower the levels of mercury in fish throughout New England and New York. Under the new plan, mercury from atmospheric sources must be reduced by ninety-eight percent from 1998 levels so that the mercury levels in fish are low enough to lift consumption advisories on fish.
- EPA issued plans for new emission standards for diesel engines on board large ocean-going vessels, requiring the use of high-efficiency after treatment technology and lower sulfur marine fuels as a means of reducing NOx and PM emissions. The new requirements were formed under the recent US Government proposal to the International Maritime Organization.
- The Saint Regis Mohawk Tribe became the first tribe nationally to receive approval of a plan to protect air quality under the federal Clean Air Act. The plan, formally known as a Tribal Implementation Plan (TIP), is a set of federally enforceable regulatory programs that identify how a tribe will achieve and maintain standards for principal air pollutants identified by EPA.
- The Migratory Bird Conservation Commission approved more than \$18 million in federal funding for the protection and management of nearly 175,000 acres of wetlands and associated habitats that will benefit ducks and waterfowl nationwide under the North American Wetlands Conservation Act (NAWCA). Composed of members of Congress and federal cabinet secretaries, and chaired by Secretary of the Interior Dirk Kempthorne, the Commission also approved \$6.8 million under NAWCA to protect and manage more than 4.1 million acres of wetlands in Canada and nearly \$10 million for the purchase of 4,542 acres of wetlands for inclusion in the National Wildlife Refuge System.
- The Department of Commerce proposed the National Offshore Aquaculture Act on March 12 in Boston to promote safe and sustainable aquaculture in order to meet the growing demand for seafood, help the US industry better compete and reduce the need for US imports. The purpose of the act was to bolster domestic seafood production by allowing aquaculture (fish and shellfish farming) in the open ocean, beyond three miles offshore in an effort to create jobs, enhance revenue in coastal communities, and benefit other industries.

## **Government Enforcement Action**

- The Justice Department announced on March 27 that three companies that own and operate an oceangoing chemical tanker named the M/T Clipper Trojan were indicted in connection with an attempt by crew members to cover up the illegal dumping of oily waste in international waters.
- EPA and the Justice department announces that Williams Refining Co., the former owner and operator of a Memphis, Tennessee, petroleum refinery, agreed to pay \$2.2 million in civil penalties to resolve allegations that the company violated the Clean Air Act (CAA).
- It was announced that Total Petrochemical USA, Inc., will pay a \$2.9 million penalty and upgrade pollution controls at its Port Arthur, Texas, refinery to resolve alleged violations of the Clean Air Act.
- A former boat builder, Michael Bonner of Wetumpka, Ala., and a commercial fisherman, Gerald E. Andrews Jr. of Pensacola, Fla., were each sentenced to three years of probation and fines of \$25,000 and \$40,000, respectively. The two men plead guilty to violating environmental law in making false documents and writings in an attempt to violate a moratorium on charter vessel permits under the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson Act) regulations.
- Tyco International (US) Inc. was fined \$1.1 million for violating the Clean Air Act (CAA) at its former metal forming and finishing facility located in Hamburg, New Jersey.
- EPA Region 5 reached an agreement with Products Chemical Co., on alleged clean-air violations. The settlement, which included a \$33,911 penalty, resolved EPA allegations that Products Chemical exceeded the volatile organic compound content limit for architectural coatings without reporting and paying required fees and without submitting required reports from 2000 through 2005. Products Chemical reported and paid the required fees in February 2007.

## **Future Plans in Implementing the Agreement**

- The US Department of Energy released the Global Nuclear Energy Partnership Strategic Plan, which outlines a path forward to enable worldwide increase in the use of safe, emissions-free nuclear energy without contributing to the spread of nuclear weapons capabilities in a manner that responsibly addresses the waste produced.
- The US Department of Agriculture and the US Department of Energy announced that a combined total of up to \$18 million would be available to foster research and development of biomass-based products, biofuels, bioenergy and related processes. The grant solicitations were issued for projects aimed at increasing the availability of alternative and renewable fuels, as an effort to further President Bush's energy initiatives, including Twenty in Ten. The Twenty in Ten Initiative promotes greater energy security through increased efficiency and diversification of energy sources.
- US Department of Energy (DOE) announced plans to award a total of up to \$21.5 million for eleven cost-shared research and development projects aimed at improving the fuel efficiency of light-duty vehicle engines. The projects focused on three areas: improving fuel utilization in ethanol-powered engines (engine optimization), developing advanced lubrication systems, and exploring high efficiency, clean combustion engines. Advancing vehicle technologies is a significant part of DOE's Vehicle Technologies Program, which works on developing vehicle technologies and clean, renewable fuels that could directly advance President Bush's Twenty in

Ten Initiative by dramatically reducing the demand for petroleum, decrease emissions of air pollutants and greenhouse gases, and enable the US transportation industry to sustain a strong, competitive position in domestic and world markets.

- US Department of Energy commended Canada's announcement that it will join the Global Nuclear Energy Partnership (GNEP). This voluntary partnership seeks to expand the use of clean and affordable nuclear energy for peaceful purposes worldwide in a safe and secure manner through a closed nuclear fuel cycle that increases energy security, while promoting non-proliferation. Canada's announcement brought the total number of GNEP partners to 18.
- NOAA expanded its partnership with San Diego's High Tech High by offering workshops on building undersea robots (Remotely Operated Vehicles), a type of technology that is used for ocean exploration and research.
- The International Trade Administration (ITA) and the National Oceanic and Atmospheric Administration (NOAA) worked in cooperation to publish a report on North America's net contribution of carbon to the atmosphere and the sources and sinks of carbon on the continent. The report, "The North American Carbon Budget and Implications for the Global Carbon Cycle," analyzes the amounts of carbon emitted by industry sector, the amount absorbed naturally and how these amounts relate to the global carbon budget influenced by other regions of the globe. Within the report, particular attention is given to characterizing the certainty and uncertainty with which these budget elements are known.

## **Conclusion**

Calendar year 2007 was another excellent year for the United States in fulfillment of our obligations under the North American Agreement for 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.

# **2007 Financial Statements**



*Financial Statements of*

**COMMISSION FOR  
ENVIRONMENTAL COOPERATION**

*December 31, 2007*

**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, 2007 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, 2007 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 21, 2008

Member of  
Deloitte Touche Tohmatsu

## COMMISSION FOR ENVIRONMENTAL COOPERATION

### Statement of Revenue and Expenditures

Year ended December 31, 2007

(in Canadian dollars)

	2007	2006
	\$	\$
<b>Revenue</b>		
Contribution - Canada (Note 5)	3,958,920	3,530,094
Contribution - Mexico (Note 5)	3,958,920	3,530,094
Contribution - United States (Note 5)	3,958,920	3,530,094
Other revenue	272,295	439,163
	<b>12,149,055</b>	<b>11,029,445</b>
<b>Expenditures</b>		
Expenses related to the work program - Schedule	3,802,126	2,822,411
Expenses related to specific obligations - Schedule	744,117	485,367
Expenses related to the Council meetings - Schedule	142,720	174,224
Expenses related to JPAC meetings - Schedule	289,579	321,592
Expenses related to the Directorate operations	281,191	340,534
Planning and evaluation	1,627	12,682
Public outreach	265,250	250,210
Salaries and employee benefits	3,562,153	3,679,765
Relocation and orientation expenses	168,335	100,857
Office expenses	55,650	85,666
Telecommunications	74,941	77,104
Rent, utilities and office maintenance	715,665	686,175
External administrative support	208,435	227,862
Operating equipment	62,037	42,494
Expenditures related to contingency fund	200	44,120
Amortization of capital assets	57,738	71,213
Foreign exchange loss	729,285	287,462
	<b>11,161,049</b>	<b>9,709,738</b>
<b>Excess of revenue over expenditures</b>	<b>988,006</b>	<b>1,319,707</b>

**COMMISSION FOR ENVIRONMENTAL  
COOPERATION**

**Statement of Changes in Capital**

**Year ended December 31, 2007**

**(in Canadian dollars)**

	Invested in capital assets	Restricted for currency fluctuation	Unrestricted	Total	
				2007	2006
	\$	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>163,258</b>	<b>518,900</b>	<b>3,604,914</b>	<b>4,287,072</b>	<b>2,967,365</b>
Excess of revenue over expenditures (expenditures over revenue)	(57,738)	-	1,045,744	988,006	1,319,707
Investment in capital assets, net of financing	23,328	-	(23,328)	-	-
<b>Balance, end of year</b>	<b>128,848</b>	<b>518,900</b>	<b>4,627,330</b>	<b>5,275,078</b>	<b>4,287,072</b>

**COMMISSION FOR ENVIRONMENTAL  
COOPERATION**

**Balance Sheet**

As at December 31, 2007

(in Canadian dollars)

	2007	2006
	\$	\$
<b>Assets</b>		
Current assets		
Cash and temporary investments, bearing interest at rates varying from 3.40% to 3.75%	5,603,064	7,680,446
Goods and services tax	528,252	164,141
Contributions receivable	1,171,968	-
Advance to employees	1,061	2,448
Other receivables	13,108	44,973
Prepaid expenses	44,943	49,070
	<b>7,362,396</b>	<b>7,941,078</b>
Capital assets (Note 4)	<b>140,401</b>	<b>189,802</b>
	<b>7,502,797</b>	<b>8,130,880</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	1,359,956	749,225
Deferred contributions (Note 5)	28,674	1,915,434
Other deferred revenue	4,556	11,781
Employee benefits (Note 6)	479,155	765,742
Current portion of obligations under capital leases (Note 7)	9,583	14,990
	<b>1,881,924</b>	<b>3,457,172</b>
Lease inducements	<b>343,825</b>	<b>375,082</b>
Obligations under capital leases (Note 7)	<b>1,970</b>	<b>11,554</b>
	<b>2,227,719</b>	<b>3,843,808</b>
Commitments (Note 9)		
<b>Capital</b>		
Invested in capital assets	128,848	163,258
Restricted for currency fluctuation	518,900	518,900
Unrestricted	4,627,330	3,604,914
	<b>5,275,078</b>	<b>4,287,072</b>
	<b>7,502,797</b>	<b>8,130,880</b>

**Approved by the Council**

..... Canada  
 ..... Mexico  
 ..... United States

**COMMISSION FOR ENVIRONMENTAL  
COOPERATION**

**Statement of Cash Flows**

Year ended December 31, 2007

(in Canadian dollars)

	2007	2006
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenditures	988,006	1,319,707
Adjustments for:		
Amortization of capital assets	57,738	71,213
Amortization of lease inducements	(31,257)	(31,257)
Deferred contributions	(1,886,760)	29,718
Unrealized foreign exchange loss	257,340	-
	(614,933)	1,389,381
Change in non-cash operating working capital items (Note 8)	(1,181,781)	3,319,002
	(1,796,714)	4,708,383
<b>Investing activities</b>		
Acquisition of capital assets	(8,337)	(8,165)
<b>Financing activities</b>		
Repayment of obligations under capital leases	(14,991)	(13,736)
Effect of foreign exchange on cash and cash equivalents	(257,340)	-
(Decrease) increase in cash and cash equivalents	(2,077,382)	4,686,482
Cash and cash equivalents, beginning of year	7,680,446	2,993,964
<b>Cash and cash equivalents, end of year</b>	<b>5,603,064</b>	<b>7,680,446</b>

# COMMISSION FOR ENVIRONMENTAL COOPERATION

## Notes to the Financial Statements

Year ended December 31, 2007

(in Canadian dollars)

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### 1. Nature of activities

The Commission for Environmental Cooperation is an international organization 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. Changes in accounting policies

#### *Financial instruments*

On January 1, 2007, the Commission adopted the following recommendations from the CICA Handbook:

- a) Section 3855, "*Financial Instruments - Recognition and Measurement.*" This Section describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.
- b) Section 3861, "*Financial instruments - Disclosure and Presentation.*" This Section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.
- c) The Commission made the following classifications:
  - Cash and temporary investments are classified as financial assets held for trading and are recorded at fair value.
  - Contributions receivable, advance to employees and other receivables, classified as loans and receivables, are recorded at amortized cost using the effective interest method.
  - Accounts payable and accrued liabilities, employee benefits and obligations under capital leases, classified as other liabilities, are recorded at amortized cost using the effective interest method.

# COMMISSION FOR ENVIRONMENTAL COOPERATION

## Notes to the Financial Statements

Year ended December 31, 2007

(in Canadian dollars)

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### 3. 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 from the date of acquisition.

#### *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

#### *Lease inducements*

Lease 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.

#### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Commission's designation of such instruments. Settlement date accounting is used.



# COMMISSION FOR ENVIRONMENTAL COOPERATION

## Notes to the Financial Statements

Year ended December 31, 2007

(in Canadian dollars)

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### 3. Accounting policies (continued)

#### *Financial instruments (continued)*

##### Classification

Cash and temporary investments	held for trading
Contributions receivable	loans and receivables
Advances to employees	loans and receivables
Other receivables	loans and receivables
Accounts payable and accrued liabilities	other liabilities
Employee benefits	other liabilities
Obligations under capital leases	other liabilities

##### Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other revenue.

##### Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

##### Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

# COMMISSION FOR ENVIRONMENTAL COOPERATION

## Notes to the Financial Statements

Year ended December 31, 2007

(in Canadian dollars)

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### 3. Accounting policies (continued)

#### *Financial instruments (continued)*

##### Transaction costs

Transaction costs related to held for trading financial assets are expensed as incurred.

Transaction costs related to available-for-sale financial assets, held-to-maturity financial assets, other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

##### Effective interest method

The Commission uses the effective interest method to recognize interest income or expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

#### *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 7). 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.

# COMMISSION FOR ENVIRONMENTAL COOPERATION

## Notes to the Financial Statements

Year ended December 31, 2007

(in Canadian dollars)

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### 3. Accounting policies (continued)

#### *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.

#### *Future accounting changes*

In December 2006, the CICA issued Section 3862, *Financial Instruments - Disclosures*; Section 3863, *Financial Instruments - Presentation*; and Section 1535, *Capital Disclosures*. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

The Commission does not expect the adoption of these new Sections to have a material impact on its financial statements.

## COMMISSION FOR ENVIRONMENTAL COOPERATION

### Notes to the Financial Statements

Year ended December 31, 2007

(in Canadian dollars)

#### 4. Capital assets

	2007		Net Book Value	2006
	Cost	Accumulated Amortization		Net Book Value
	\$	\$	\$	\$
Computer equipment	364,126	339,214	24,912	47,313
Software	112,606	109,992	2,614	1,427
Furniture and fixtures	381,581	381,581	-	-
Telephone system	116,696	116,696	-	-
Equipment	171,343	171,343	-	-
Equipment financed under capital leases	63,777	54,052	9,725	23,425
Leasehold improvements	248,291	145,141	103,150	117,637
	<u>1,458,420</u>	<u>1,318,019</u>	<u>140,401</u>	<u>189,802</u>

#### 5. Deferred contributions

	Canada	Mexico	United States	Total
	\$	\$	\$	\$
Balance, beginning of year	638,478	638,478	638,478	1,915,434
Contributions committed	3,330,000	3,330,000	3,330,000	9,990,000
Contributions transferred to revenue	(3,958,920)	(3,958,920)	(3,958,920)	(11,876,760)
Balance, end of year	<u>9,558</u>	<u>9,558</u>	<u>9,558</u>	<u>28,674</u>

#### 6. 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, 2007

(in Canadian dollars)

#### 7. 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:

	\$
2008	10,291
2009	2,019
	<u>12,310</u>
Less: amount representing interest charges	757
	11,553
Less: current portion	9,583
Balance	<u>1,970</u>

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

#### 8. Changes in non-cash operating working capital items

	<u>2007</u>	<u>2006</u>
	\$	\$
Goods and services tax	(364,111)	224,537
Contributions receivable	(1,171,968)	2,949,453
Advances to employees	1,387	4,457
Other receivables	31,865	19,283
Prepaid expenses	4,127	12,177
Accounts payable and accrued liabilities	610,731	120,063
Other deferred revenue	(7,225)	(35,037)
Employee benefits	(286,587)	24,069
	<u>(1,181,781)</u>	<u>3,319,002</u>

# COMMISSION FOR ENVIRONMENTAL COOPERATION

## Notes to the Financial Statements

Year ended December 31, 2007

(in Canadian dollars)

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### 9. Commitments

- a) The Commission signed operating leases for office equipment and premises with third parties. These leases expire in 2011 and 2018, respectively. Total minimum payments required over the forthcoming years are as follows:

	\$
2008	341,206
2009	414,419
2010	414,419
2011	409,530
2012	407,901
2013 and thereafter	2,865,766
	<u>4,853,241</u>

- b) The Commission has commitments of \$28,675 related to environmental projects.

### 10. Financial instruments

#### *Currency risk*

The Commission realizes 65% of its revenue and approximately 18% of its expenditures in U.S. dollars and is thus exposed to foreign exchange fluctuations. The Commission does not actively manage this risk.

The balance sheet includes the following amounts in Canadian dollars with respect to financial assets and liabilities for which the cash flows are denominated in the following currencies:

	<u>2007</u>	<u>2006</u>
	\$	\$
U.S. dollars:		
Cash and temporary investments	3,350,930	5,926,109
Accounts receivable	1,171,968	-
Accounts payable and accrued liabilities	415,416	274,955

#### *Fair value*

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

The fair value of long-term debt approximates its carrying value and has financing conditions similar to those currently available to the Commission.

### 11. 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, 2007

(in Canadian dollars)

	2007	2006
	\$	\$
<b>Work program</b>		
Professional fees	2,678,430	1,712,859
Travel, accommodation and meeting expenses	834,422	740,071
Publications	215,822	288,739
Office expenses	73,452	80,742
	<b>3,802,126</b>	<b>2,822,411</b>
<b>Specific obligations under the North American Agreement on Environmental Cooperation</b>		
Professional fees	375,013	194,641
Travel, accommodation and meeting expenses	158,644	102,792
Publication	167,300	148,284
Office expenses	43,160	39,650
	<b>744,117</b>	<b>485,367</b>
<b>Council meetings</b>		
Travel, accommodation and meeting expenses	123,923	151,490
Publications	15,404	16,849
Office expenses	3,393	5,885
	<b>142,720</b>	<b>174,224</b>
<b>Joint Public Advisory Committee (JPAC) meetings</b>		
Travel, accommodation and meeting expenses	265,374	305,185
Publications	12,470	10,195
Office expenses	6,559	5,662
Professional fees	5,176	550
	<b>289,579</b>	<b>321,592</b>