

Annual Report 2008

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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Commission for Environmental Cooperation

393, rue St-Jacques Ouest, bureau 200
Montreal (Quebec) Canada H2Y 1N9
Tel: (514) 350-4300; Fax: (514) 350-4314
info@cec.org
www.cec.org



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CEC Ministerial Statement

Fifteenth Regular Session of the CEC Council

Ottawa, Ontario, Canada, 26 June 2008—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 26 June 2008.

This year marks our fifteenth year of collaborative work under the North American Agreement on Environmental Cooperation (NAAEC), the environmental side accord to the North American Free Trade Agreement (NAFTA). Results assessed at our meeting reinforce the importance of both NAFTA and the NAAEC in raising environmental standards across all three countries, promoting the effective enforcement of environmental law, and accelerating the role of trade and commerce in pursuing market-based solutions to accomplish ever-higher environmental performance in North America. We appreciate the discussion on NAFTA and the environment, which identified opportunities for the Parties' future interaction on trade and the environment.

Recent accomplishments noted today include fulfillment of our 2007 decision to prepare conservation action plans in support of both the monarch butterfly and the phenomenon of its continental migration, as well as supporting Mexico's aggressive new strategy to protect the world's most endangered marine mammal, the *Vaquita* porpoise. We also directed the North American Marine Protected Areas Network (NAMPAN) to build on its excellent work in establishing a foundation for marine conservation by extending its efforts to report on marine health using ecological scorecards.

Cooperation among our three countries has also generated significant progress in reducing risk to human and environmental health from several dangerous chemicals. Our efforts have led to the elimination or significant reduction of the production and use in North America of DDT, chlordane, PCBs, mercury and, most recently, lindane. Today we set a new course towards the sound management of a greater number of toxic chemicals and the sectors producing them in North America. Our new chemicals management agenda includes enhanced and comparable reporting on the production and use of chemicals, continent-wide environmental and human bio-monitoring and assessment of emissions and discharges, and collaboration to reduce the risk from emerging substances and chemicals of mutual concern. This improved strategy will strengthen North American cooperation and responds directly to the growing influence of global management needs as well as goals set at the North American Leaders' Summit in 2007.

Increased trade can provide opportunities for mutually supportive economic and environmental outcomes. However, we also recognize the potential for increased risks to our environment, and that in a global market, close cooperation is essential to protect the North American public and environment. We face a rapidly growing threat to air quality and human health from the importation and widespread use of non-compliant small engine products. Accordingly, we are pleased to announce that our enforcement officials will collaborate on intelligence and operational support to combat the importation of such products. We also note the successful conclusion of the Fourth North American Symposium on Assessing the Environmental Effects of Trade: Services and the Environment and the understanding that has been gained through these discussions.

North America today is considerably different than when our countries first entered into the North American Free Trade Agreement. Beyond the environmental benefits from increased cooperation among our countries it is clear that sustainable environmental progress can only be secured when environmental values and objectives are embraced by the private sector and embedded in the market for goods and services. Today we are pleased to announce the establishment of Green Suppliers Partnerships that span the North American auto sector, from Canada to Mexico. This is particularly important when we note that

motor vehicles and parts account for the largest share of intraregional trade, and specialization has been a contributing factor to the expansion of trade since 1994.

We note the important work of the CEC Secretariat in preparing a comprehensive report on the opportunities and challenges for Green Building in North America. We shared the efforts of each of our countries to encourage energy performance improvements in our building sectors and we note the very real environmental benefits and critical importance of continued work to accelerate the market uptake of green building in the construction and renovation of commercial and residential buildings throughout North America.

We note that the CEC Secretariat has recently completed a succinct report on key issues related to the state of our environment, as requested at our last Council Session. We look forward to continued input, including from our Joint Public Advisory Committee, on the outlook for major environmental trends affecting North America over the coming decades.

We reaffirm our commitment to continue and strengthen work on key North American environmental challenges and agree that the CEC's Strategic Plan for 2010–2015 will be both focused and results-oriented, so that we can measure our successes from year to year.

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 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 headquartered in Montreal and has a liaison office in Mexico City. It is headed by an executive director who oversees programs fostering cooperation on various 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. The CEC as an international organization is mandated to implement the objectives of the Agreement, and often does this through facilitating domestic environmental law and policy cooperation and public participation.

This report provides an overview of activities in 2008 under the cooperative work program as well as in the Submissions on Enforcement Matters (SEM) Unit. This report also covers JPAC activities. Up-to-date information regarding CEC activities is available online at <<http://www.cec.org>>.

The 2008 Operational Plan and CEC budget were both approved in November 2007. During the Council session in June 2008, the Council noted accomplishments in preparing conservation action plans in support of both the monarch butterfly and the vaquita porpoise; and in developing a comprehensive report on the opportunities and challenges for Green Building in North America. The Council directed the North American Marine Protected Areas Network (NAMPAN) to build on its work in establishing a foundation for marine conservation by extending its efforts to report on marine health using ecological scorecards. The Council also redefined the chemicals management agenda in North America to include enhanced and comparable reporting on the production and use of chemicals, continent-wide environmental and human bio-monitoring of emissions and discharges, and collaboration to reduce the risk from emerging substances and chemicals of mutual concern. As part of collaborative efforts, the Council announced the establishment of Green Suppliers Partnership to span the North American auto sectors and quick actions to interdict importation of noncompliant small engine products.

2. Cooperative Work Program

(A) Information for Decision-making

The provision of high-quality environmental information is a fundamental part of the CEC's mandate. Information products, the sharing of key data and analysis, and efforts to boost the quality, comparability and compatibility of national and subregional information are common features of CEC projects. In 2008, the CEC enhanced the information products and services that are core to CEC operations.

(i) North American Pollutant Release and Transfer Register (PRTR)

The CEC has been working with the PRTR programs of Canada, the United States and, more recently, Mexico, to develop a North American profile of industrial 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 pollutants and the industries reporting to the national PRTR programs.

In September, *Taking Stock* was able to include publicly available data from Mexico's PRTR, as the 2004 data year was the first in which reporting became mandatory in that country. Breaking from tradition, the 2005 data report to be published in the spring of 2009 will have a much wider scope than past reports, which were based on subsets of PRTR data common among the Parties. The upcoming 2009 report (with 2005 data) will examine all reported PRTR data from across North America, discussing similarities and differences and identifying areas where further action is required. Customized, searchable access to the data sets of *Taking Stock* is available online at: <<http://www.cec.org/takingstock>>.

The last PRTR Consultative Group meeting was held in December 2007. The meeting with the Consultative Group is a forum for all stakeholders, including governments, industry, nongovernmental organizations, and citizens, to exchange information and provide input 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.

(ii) Enhancing North American Air Quality Management

Since Council Resolution 01-05 was issued in 2001, the CEC has been working towards comparability of air emissions inventory information in North America, keeping in mind two goals: 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. In this regard, the CEC has been carrying out extensive work in recent years on the development of North American air emissions inventories.

The North American Air Working Group (NAAWG) formulated a comprehensive vision for enhancing North American Air Quality Management for 2010–2015. With Council endorsement, the NAAWG is developing the implementation strategy for cooperation on air quality. The fundamental components included assessment of current inventory data and related programs in Canada, Mexico and the United States; evaluation of required activities to make data accessible and comparable; and assistance to NAAEC Parties in the development of comparable emissions inventories.

In 2008 the CEC completed the Comprehensive Assessment of North American Air Emissions Inventories and Ambient Air Monitoring Networks. This effort enhances data quality and baseline information for use in national modeling and regulatory decision-making; improves accessibility to air emissions data; and has greater comparability of data across borders. All this, provides reliable information for decision-making in shared environmental interests in North America. This assessment will provide a basis for a 2010–2015 Strategy for Enhancing North American Air Quality Management, which will be presented for consideration at the 2009 Council Session. Also in 2008, the CEC provided support for updating portions of the Mexican National Emissions Inventory in light of the 2005 data. This update included point, on-road mobile, and biogenic sources.

(iii) Mapping North American Environmental Issues

In 2008, the Secretariat further developed the North American Environmental Atlas <<http://www.cec.org/naatlas>>, which facilitates the visualization of North American environmental information through maps. Seamless continental maps available through the North American atlas webpage, depict political boundaries, populated places, roads and railroads, coastlines, lakes and rivers, terrestrial ecoregions, renewable energy capacity, and priority conservation areas. In 2008, the Secretariat added several new environmental thematic map layers from its project work, including marine ecoregions and protected areas. In addition, new map layers were added from global map coverage depicting a range of environmental themes, such as human impact on terrestrial eco-regions, irrigated areas, and wetlands. The Secretariat also continued to develop interactive mapping techniques for use with Google Earth; these

include a PRTR map layer of over thirty thousand industrial facilities and their toxic pollutants, and map layers showing the ranges of 33 different species of common conservation concern. Work continues on several new thematic map layers, including land cover, marine protected areas, and forests.

(iv) Reporting on the State of the North American Environment

To meet the CEC mandate of periodically addressing the state of the environment in North America, in 2008 the Secretariat released the report *The North American Mosaic: An Overview of Key Environmental Issues* (SOE report). The SOE report describes current environmental conditions and trends across North America in four thematic areas: air and atmosphere, biodiversity and ecosystems, pollutants, and water. The SOE report addresses questions over the central environmental challenges confronting North America; identifies priorities for cooperative action; and enhance relevance of CEC in enhancing trinational cooperation. The SOE report measures progress with a North American perspective, creating effective feedback mechanisms.

As the title suggests, the SOE report is an overview and not a comprehensive treatment of environmental issues, many of which have been described elsewhere in much greater detail. The assemblage of environmental indicators in this report is far from complete; many measurements are not available at the national level, let alone in comparable forms across North America.

(B) Capacity Building

Strengthening capacities of the three countries—particularly in Mexico—for managing environmental issues of common concern is among the key goals at the CEC. In developing a capacity-building strategic plan, CEC five-year objectives (2005–2010) focus 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) Conservation of Biodiversity

In 2008 the NAMPAN completed the Baja to Bering Sea (B2B) scorecards. This effort constitutes a common framework to assess the ecological conditions to assist the understanding of underlying pressures on biodiversity in selected marine protected areas throughout the B2B region. This publication will be released in 2009.

As part of the continued implementation of the North American Conservation Action Plans (NACAP), CEC activities in 2008 included a study to characterize fisheries in key nesting beaches for leatherback turtle in the Mexican Pacific; at-sea surveys to assess population density of the pink-footed shearwater throughout its migratory route; and a report on the humpback whale with recent population assessments and policy recommendations related to collisions with cruise ships and whale watching vessels, or net entanglements.

In May 2008, the seventh annual meeting of the Biodiversity Conservation Working Group (BCWG) took place in Veracruz, Mexico. During the meeting, this body agreed to carry out the review of the Strategic Plan for North American Cooperation in the Conservation of Biodiversity in 2009. The BCWG endorsed the current projects and recommended the continuation of work on NAMPAN and NACAPs in 2009. During the Council Regular Session in June, the Council unveiled the North American Monarch Butterfly Conservation Plan and, through Council Resolution 08-05, it decided to consider expanding the NAMPAN strategic approach into other shared ocean ecosystems that included the Atlantic and Arctic Oceans, the Gulf of Mexico and the Caribbean Sea. In October, the NACAP for the vaquita porpoise was launched in Mexicali, Mexico. This effort is considered a cooperation landmark between the three countries to prevent the extinction of the smallest cetacean in the world. Also in October, a monarch butterfly monitoring

workshop was held in Saltillo, Mexico, to train agency staff and citizen scientists to implement common monitoring protocols and to develop a shared monitoring framework throughout the monarch flyway.

(ii) Sound Management of Chemicals (SMOC)

The SMOC program was created by Council Resolution 95-05 and consists of senior government officials charged with setting a framework for addressing the sound management of persistent, bioaccumulative, and toxic chemicals in North America. In 2008, the Council further confirmed the shift in emphasis from risk reduction for individual toxic substances towards risk reduction in sectors and groups or families of chemicals, enhancing a holistic approach to toxics management in North America. The Global Strategic Approach to International Chemicals Management is seen as the strategic pattern for the further development of the SMOC initiative.

In response to the recognized need for improved and coordinated monitoring of toxicants at a continental level and the need to provide decision makers with comparable, compatible and scientifically validated environmental and human biomonitoring data, a significant effort is going towards the program's Environmental Monitoring and Assessment Action Plan (EM&A Plan). In line with this effort, as instructed by Council Resolution 08-06, the CEC Secretariat is supporting the initial stages for developing a country-wide monitoring network in Mexico's *Programa de Monitoreo y Evaluación Ambiental* (Environmental Monitoring and Assessment Program — Proname). Through Proname, data from various environmental compartments at specified index and satellite sites will allow comparison to Canadian and US data and promote North American data consistency. Decision makers will benefit from early warning information and trends analysis both domestically and regionally. An emphasis on adoption of quality assurance and quality control protocols for analytical chemistry and data reporting is producing validated results.

The North American Regional Action Plan (NARAP) on Lindane and Other Hexachlorocyclohexane Isomers continues to be implemented by the NAAEC Parties. A CEC-sponsored survey of lindane in archived milk samples from Mexico suggests that the very low and frequently undetectable levels they contained are attributable to the reduced use of this pesticide for veterinary and agricultural purposes. The NARAP on Mercury is slated for closure as a CEC initiative in 2010, with the subsequent adoption of domestic controls by each NAAEC country to maintain and build on the NARAP improvements. EM&A experts are mandated to continue an audit role to monitor expected results and suggest necessary improvements, if warranted.

The dioxins, furans and hexachlorobenzene initiative has successfully implemented a Mexican monitoring network in which data will be compared to existing information in Canada and the United States. With support from the SMOC program, soil and air samples from the vicinity of adobe brick kilns in Mexico are being analyzed by European Union laboratories in anticipation of the development of a toolkit to be used by the United Nations Environment Program (UNEP) and others to measure emissions from this largely unquantified source. The development of a Mexican chemicals inventory, initiated in 2008, is expected to be comparable to the US Toxic Substances Control Act (TSCA) and the Canadian Chemical Management Plan. The inventory development is expected to continue with CEC resources and with funds from the United Kingdom Department of Environment, Food and Rural Affairs.

An interesting development in the SMOC agenda is the emergence of the global chemicals management initiative known as the Strategic Approach to International Chemicals Management (SAICM) stemming from the Dubai Declaration of January 2006. Coupled with the Statement of Intent of the North American Security and Prosperity Partnership (SPP), the CEC's program appears to be a lead contributor to the North American chemicals management agenda.

(iii) Partnership Development

The CEC has been able to convene top scientists and scholars from various research and educational centers to discuss environmental issues from a North American perspective. During 2008, the CEC increased its participation in relevant scientific and academic forums, including the National Council for Science and the Environment, the IUCN Academy of Environmental Law, the *Centro de Diálogo y Análisis sobre América del Norte* (Center for Dialogue and Analysis in North America), American Society of International Law, and the North American Consortium on Legal Education. The CEC also initiated a Short Term Educational Program (STEP) that enabled the CEC to advance and broaden its possibilities for engagement with educational internship, mobility and fellowship exchange programs.

In collaboration with JPAC, the CEC held a conference in June on emerging environmental trends expected to affect North America over the next 20 years (see JPAC section below). In November, the workshop, Environmental Law Education: A Clinical Approach, was held in Mexico City, featuring experts from nongovernmental organizations and universities of the three countries in a series of panel presentations and discussion groups. The workshop was designed to contribute to the education of environmental law experts by addressing such topics as defending the environment and the operation and maintenance of environmental law clinics.

(C) Trade, Enforcement and Environment

(i) Trade and Environment

In establishing the CEC, Canada, Mexico and the United States acknowledged the growing economic and social links between the NAFTA partners and agreed to promote sustainable development based on cooperation and mutually supportive environmental and economic policies. The CEC's 2005–2010 goal is to promote policies and actions that provide mutual benefits for the environment, trade and the economy. During 2008, CEC projects promoted environmentally sustainable production, consumption and trade across North America.

In 2008, work continued in the Greening the Supply Chains program to complete pilot projects initiated a year ago. A report on lessons learned from this initiative will be available in 2009. As for the work with the auto sector, the CEC continued its engagement with industry to promote a North American Partnership for the Environment. A significant portion of activities were carried-out in Mexico, where, in addition to the partnership development, two training sessions on Lean-and-Clean manufacturing were held.

The CEC also pursued activities to support the development and promotion of Green purchasing activities. Continued support for the Eco-Markets survey, and an annual report produced by TerraChoice in Canada in partnership with the Responsible Purchasing Network in the United States, examined the attitudes and practices of North American buyers towards environmentally preferable purchasing. In partnership with Mexican universities, the CEC also supported the development of green purchasing guides for cleaning products for Mexico. As for promoting renewable energy, the CEC initiated work to evaluate the opportunities and barriers for small project aggregation, including how renewable energy could be promoted as a means to reduce transaction costs or gain access to financing. The CEC also started work on the development of a strategy to support education and identify useful training resources for the three countries to achieve a common understanding of renewable energy. In November, the Renewable Energy Expert Committee (REEC), a body created on a multistakeholder basis to advise the CEC Secretariat, held its fourth annual meeting in Montreal, Canada. The REEC discussed current activities and provided input for upcoming projects in 2009.

In April, the CEC held its fourth North American Symposium on “Assessing the Environmental Effects of Trade: Services and the Environment,” in Phoenix, Arizona. The CEC commissioned 10 research papers looking at the environmental issues in the services sector, including tourism, transportation, waste and financing. Read by their authors during the symposium, the papers will be published in a proceedings in 2009. In addition to the symposium, a review of the CEC work on environmental assessment of NAFTA was also undertaken and a roundtable organized in Phoenix. The review report, available through the CEC website, identifies a number of challenges and opportunities for future assessment work at the CEC and will influence project work in 2009.

The CEC also commissioned a report on environmental sustainability and competitiveness, which reviews current links between competitiveness and sustainability in North America. In conjunction with the Joint Public Advisory Committee, the CEC hosted a North American Workshop on Environmental Sustainability and Competitiveness in December in Puerto Vallarta, Mexico. The workshop identified areas of opportunity and priority for simultaneously enhancing environmental sustainability and competitiveness in the region. The event included panel discussions with some of North America’s top experts on environmental sustainability and competitiveness.

(ii) Trade and Enforcement of Environmental Law

The Trade and Enforcement of Environmental Law project has three main objectives: 1) to facilitate the exchange of goods and services in North America, including the implementation of the Smart Borders plan for expediting cross-border movement; 2) to stop, in advance and at borders, illegal shipments of hazardous waste and materials, ozone-depleting substances, protected species and wildlife, and other illegal goods that could threaten human health or the environment in the territories of the NAFTA Parties; and 3) to improve enforcement capacity to ensure that persons or entities that ship or attempt to ship such illegal materials are appropriately penalized, and promote sound management of hazardous waste. The Trade and Enforcement of Environmental Law project is implemented with support from the North American Working Group on Environmental Enforcement and Compliance Cooperation (EWG), the Hazardous Waste Task Force (HWTF) and the North American Wildlife Enforcement Group (NAWEG).

In 2008, the CEC initiated the development of data standards for converting printed information related to hazardous waste export/import into electronic format. This will reduce government administrative burdens, improve data quality, communicate data to environmental enforcement and border protection agencies, facilitate the adoption of emerging tracking technologies, and assist governments in providing more timely and coherent information on goods crossing national borders. Also, during 2008, the CEC held a workshop to receive input from key stakeholders that use the hazardous waste compliance assistance website (see <www.bordercenter.org>). This effort will provide information to update and improve the website and assist in the development of additional compliance assistance information on ozone-depleting substances and other chemicals.

Trade and Enforcement agenda during 2008 included the full implementation of online training course on Ozone-depleting Substances (ODS) available at <www.cec.org/ods/> and a prototype online course for hazardous waste aimed at environment and border inspectors. During this year, the CEC developed a process for identifying and sharing information on noncompliant imports entering North America and addressing issues of common concern. In November, the CEC held a seminar on Strengthening the Enforcement and Administration of Environmental Law in North America. That seminar, oriented toward judges, environment ministry officials, and prosecutors in Mexico, was aimed at strengthening cooperation and exchange of expertise, best practices, and legal rationale on the administration and adjudication of environmental regulations and directives.

3. Secretariat Report on Green Building

NAAEC Article 13 provides that the Secretariat may prepare a report for the Council on any matter within the annual program. In March 2008, the CEC Secretariat published an independent Article 13 report on Green Building in North America. The report included a set of recommendations to make green building a standard practice across North America. The report recognized that green building only accounts for about two percent of the new non-residential building market in the United States and 0.3 percent of the residential market, with similar figures for this sector in Canada. It also found that in Mexico, there are no reliable figures showing the extent to which green building exists in the marketplace. The Secretariat report also stated that, although the green building market is expected to grow in all three countries in the coming years, a substantial shift is needed to make these high-performance buildings the norm in the region.

The Secretariat recommendations on green building include the creation of national, multi-stakeholder task forces in each of the three countries, coordinated by the environment or other appropriate ministry of each country and linked internationally through a cooperative mechanism such as the CEC. The CEC Secretariat also recommended setting clearly defined targets, with the goal of achieving the most rapid possible adoption of green building in North America, including aggressive, but realistic targets for carbon-neutral or net zero-energy buildings. The Secretariat added that North American governments should implement a set of strategies for enhancing, accelerating and integrating ongoing or new efforts in support of green building. These strategies should include efforts to promote private sector financing and proper valuation methods, and to increase knowledge through research and development, capacity building, outreach, and the use of labels and disclosures on green building performance. Finally, the Secretariat report stressed that these efforts are particularly important for Mexico, considering its urgent need to provide affordable housing and for widely recognized green building rating systems and a nationally-coordinated framework that will support and enhance existing Mexican policies and programs favoring green building.

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 2008, 66 submissions were filed with the Secretariat: 22 concerning Canada, 34 concerning Mexico, nine concerning the United States, and one concerning both Canada and the United States. During that time, the Secretariat dismissed or terminated 22 submissions on the basis of formal and substantive criteria provided in Article 14 of the NAAEC. Three submissions were withdrawn by the submitter. The Secretariat recommended the preparation of 26 factual records. In two cases, the Council has voted against the Secretariat's recommendation to develop a factual record. Up through December 2008, 15 factual records had been published by the CEC.

SUBMISSIONS ON ENFORCEMENT MATTERS – REPORT FOR 2008

ID. NUMBER	SUBMITTERS	END-OF-YEAR STATUS
SEM-03-003	Dr. Raquel Gutierrez Najera, et al.	Preparing factual record.
SEM-03-004	Ángel Lara García	Factual record released. The process was therefore terminated.
SEM-03-005	Waterkeeper Alliance, et al.	Factual record released. The process was therefore terminated.
SEM-04-005	Waterkeeper Alliance et al.	Preparing factual record.
SEM-04-007	Quebec Association Against Air Pollution (<i>Association québécoise de lutte contre la pollution atmosphérique</i>)	Preparing factual record.
SEM-05-003	<i>Academia Sonorense de Derechos Humanos, A.C.</i> 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.	Awaiting Council's decision on the development of a factual record.
SEM-06-004	Mr. Roberto Abe Almada	Awaiting Council's decision on the development of a factual record.
SEM-06-005	Sierra Club, et al.	Awaiting Council's decision on the development of a factual record.
SEM-06-006	<i>Fuerza Unida Emiliano Zapata en Pro de las Áreas Verdes A.C.</i>	Process terminated under Article 15(1).
SEM-07-001	Pro San Luis Ecologico, A.C.	Determining whether a factual record is warranted.
SEM-07-005	Víctor Manuel Hernández Mayo, et al.	Determining whether a factual record is warranted.
SEM-08-001	Instituto de Derecho Ambiental, et al.	Determining whether a factual record is warranted.
SEM-08-002	Yvon Otis	Process terminated under Article 14(1).
SEM-08-003	Carlos Alvarez Flores	Process terminated under Article 14(1).

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.

2008 Events:

1. On 30 May 2008, the Council voted to instruct the Secretariat to develop a factual record.
2. On 9 July 2008, the Secretariat placed a work plan on its web site or otherwise made it available to the public and stakeholders.
3. On 4 September 2008, the Secretariat posted a request for information relevant to the factual record on its web site.

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.

2008 Events:

1. On 30 May 2008, the Council voted to instruct the Secretariat to make the final factual record publicly available.
2. On 2 June 2008, the final factual record was publicly released. The process was therefore terminated.

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.

2008 Events:

1. On 24 January 2008, the Secretariat received comments from the government of Canada on the draft factual record.
2. On 28 March 2008, the Secretariat submitted a final factual record to Council for Council's vote on whether to make the final factual record publicly available.
3. On 23 June 2008, the Council voted to instruct the Secretariat to make the final factual record publicly available.
4. On 24 June 2008, the final factual record was publicly released. The process was therefore terminated.

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.

2008 Events:

1. On 23 June 2008, the Council voted to instruct the Secretariat to develop a factual record.
2. On 5 August 2008, the Secretariat placed a work plan on its web site or otherwise made it available to the public and stakeholders.
3. On 15 September 2008, the Secretariat posted a request for information relevant to the factual record on its web site.

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.

2008 Events:

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

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.

2008 Events:

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

2008 Events:

1. On 12 May 2008, the Secretariat informed Council that the Secretariat considers that the submission warrants development of 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.

2008 Events:

1. On 12 May 2008, the Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record.

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

Submitter(s): Sierra Club (US 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.

2008 Events:

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

2008 Events:

1. On 26 February 2008, the Secretariat received additional information from Mexico under Article 21(1)(b).
2. On 20 March 2008, the Secretariat determined not to recommend the preparation of a factual record. Under guideline 9.6, the process was terminated.

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

Submitter(s): *Pro San Luis Ecologico, 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.

2008 Events:

1. On 7 March 2008, the Secretariat requested additional information from Mexico under Article 21(1)(b).
2. On 5 June 2008, the Secretariat received additional information from Mexico under Article 21(1)(b).

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 *Consortio de Arquitectura y Ecología* (Caresa) in the municipality of Cunduacán, Tabasco.

2008 Events:

1. On 12 May 2008, the Secretariat received a response from Mexico and began considering whether to recommend a factual record.

Submission ID: SEM-08-001 (*La Ciudadela Project*)

Submitter(s): *Instituto de Derecho Ambiental, et al.*
Party: Mexico
Date received: 22 February 2008

Summary of the matter addressed in the submission:

The Submitters assert that Mexico is failing to effectively enforce its environmental law in connection with a contaminated site located in Zapopan, Jalisco, on which construction of the La Ciudadela development is planned.

2008 Events:

1. On 22 February 2008, the Secretariat began a preliminary analysis of the submission under the guidelines.
2. On 2 July 2008, the Secretariat determined that the submission met the criteria of Article 14(1) and requested a response from Mexico in accordance with Article 14(2).

3. On 26 September 2008, the Secretariat received a response from Mexico and began considering whether to recommend a factual record.
4. On 3 October 2008, the Secretariat requested additional information from the concerned government Party under Article 21(1)(b).

Submission ID: SEM-08-002 (Air Pollution in Suburban Montreal)

Submitter(s): Yvon Otis
Party: Canada
Date received: 29 August 2008

Summary of the matter addressed in the submission:

The Submitter alleges that the government of Quebec, and more precisely the *Communauté Métropolitaine de Montréal*, is failing to effectively enforce its environmental law with regard to gasoline vapor emissions from service stations in suburban Montreal.

2008 Events:

1. On 29 August 2008, the Secretariat began a preliminary analysis of the submission under the guidelines.
2. On 26 September 2008, 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 28 October 2008, the thirty-day term expired without the Secretariat having received a submission that conformed to Article 14(1). Under guideline 6.2, the process was therefore terminated.

Submission ID: SEM-08-003 (Jetty Construction in Cancun)

Submitter(s): Carlos Alvarez Flores
Party: Mexico
Date received: 17 November 2008

Summary of the matter addressed in the submission:

The submission asserts that the Attorney General's branch office for Environmental Protection (*Procuraduría Federal de Protección al Ambiente—Profepa*) in Quintana Roo is failing to investigate and prosecute the actions of a local hotel involving the construction of a jetty on the Cancun coast where the hotel is located, in violation of Mexico's environmental impact assessment laws.

2008 Events:

1. On 17 November 2008, the Secretariat began a preliminary analysis of the submission under the guidelines.
2. On 8 December 2008, 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 8 January 2009, the thirty-day term expired without the Secretariat having received a submission that conformed to Article 14(1). Under guideline 6.2, the process was therefore terminated.

5. Report from the CEC's Joint Public Advisory Committee

The CEC's Joint Public Advisory Committee (JPAC) held its first regular session for 2008 in Phoenix, Arizona. The session took place during the CEC's Fourth North American Symposium on Assessing of Environmental Effects of Trade on the Environment. The symposium had two major components, which included a public forum to review the proceedings, results, and recommendations of previous symposia, and an expert roundtable to explore future areas of work for the CEC in light of emerging trade and environment issues. The results from the proceedings can be found in the Lessons Learned Report: Environmental Assessment of NAFTA. In April, JPAC provided Advice 08-01 to Council on the Submissions on Enforcement Matters process. Advice 08-01 was based on a JPAC session held in late 2007 in San Antonio, Texas. The recommendations in Advice 08-01 centered on improving timeliness on Council votes to develop and publish factual records; visibility, transparency and outreach of the submissions process; the function of special legal advisors for the Secretariat's decision-making; and follow-up to factual records.

During the June Council Session, JPAC hosted the "North America 2030: An Environmental Outlook" conference. The purpose of this meeting was to provide a forum for public and expert discussion on some of the emerging trends that will affect North America's environment over the next twenty years. The Outlook conference focused on areas where a cooperative response from each of Canada, Mexico, and the United States is most necessary. A dozen international experts explored topics encompassing the challenge for North America from global environmental change, the environmental impacts of continued growth and integration of the NAFTA partners, and issues of food, energy and environmental security.

In early December, JPAC conducted a workshop on Environmental Sustainability and Competitiveness. The main objective of the meeting was to explore the relationship between environmental sustainability and competitiveness from a North American perspective, and to identify opportunities for regional cooperation. The event examined the drivers and barriers to improvements in environmental performance and innovation, as well as whether corporate improvements in environmental performance influence business competitiveness. The meeting also focused on the role that various sectors can play in defining and attaining environmental performance. All discussions were led by panels of experts from the three countries. JPAC also led a public consultation on the proposed 2009 Operational Plan of the CEC. As a result, on December 2008, JPAC provided Advice 08-02 on the right of the North American public to have a meaningful opportunity to comment on the CEC Operational Plan, as well as Advice 08-03 on the proposed Operational Plan for 2009.

JPAC Members, 2008

CANADA

JEAN GUY DEPOT

Président
l'Association des propriétaires
riverains du Lac Bowker
20, chemin du Lynx, Lac Bowker
Orford (Québec) J1X 6V7
Tél. & télécopieur: 450-532-4684
E-mail: lacbowker@cooptel.qc.ca

IRENE HENRIQUES

Schulich School of Business
York University
4700 Keele Street
Toronto, Ontario M3J 1P3
Phone: (416) 736-5068
(416) 736-2100 extension 77938
Fax: (416) 736-5687
E-mail: ihenriqu@schulich.yorku.ca

GORDON LAMBERT

Vice President
Sustainable Development
Suncor Energy Inc.
P.O. Box 38, 112 4th Ave. S.W.
Calgary, Alberta T2P 2V5
Phone: (403) 269-8720
Fax: (403) 269-6246
E-mail: glambert@suncor.com

MERRELL-ANN PHARE

Executive Director/Legal Counsel
Centre for Indigenous Environmental
Resources
3rd Floor, 245 McDermot Ave
Winnipeg, Manitoba R3B 0S6
Phone: (204) 956-0660
Fax: (204) 956-1895
E-mail: maphare@cier.ca

MEXICO

GUSTAVO ALANÍS-ORTEGA

Presidenta
Centro Mexicano de Derecho
Ambiental
Atlixco No. 138
Colonia Condesa
México, D.F. 06140
Teléfono: (011 525) 55 286 3323 ex.13
Fax: (011 525) 55 211 2593
E-mail: galanis@cemda.org.mx

ADRIANA NELLY CORREA

Profesor Investigador, Centro de
Calidad Ambiental
Directora, Cátedra Andrés Marcelo
Sada
en Conservación y Desarrollo
Sostenible
ITESM Campus Monterrey
Av. Eugenio Garza Sada No. 2501 Sur
Monterrey, Nuevo León 64849

MEXICO

Tel: (011 528) 18 328 40 32
Fax: (011 528) 18 359 62 80
E-mail: ancs@itesm.mx

MARTÍN GUTIÉRREZ LACAYO

Director General
Pronatura México, A. C.
Aspérgulas 22 (antes Pino)
col. San Clemente
C.P. 01740
México, Distrito Federal
Tel. 01 (55) 56 35 50 54 al 57
Fax: 01 (55) 56 35 50 54 ext. 113
E-mail:
martingutierrez@pronatura.org.mx
pronatura@pronatura.org.mx

CARLOS SANDOVAL

Presidente
Consejo Nacional de Industriales
Ecologistas
Gabriel Mancera No. 1141
Col. Del Valle
México, D.F. 03100
Teléfono: (011 525) 55 559 3611
Fax: (011 525) 55 575 2337
E-mail: ecologia@conieco.com.mx

UNITED STATES

PATRICIA CLAREY

Patricia T. Clarey
Sr. VP & Chief Regulatory &
External Relations Officer
Health Net, Inc.
21650 Oxnard Street
Woodland Hills, CA 91367
Phone 818.676.5394
Fax 818.676.5933
patricia.t.clarey@healthnet.com

DINKERRAI DESAI

Environmental Coordinator
US Army Material Command
Directorate of Public Works, Bldg 173
Fort Monmouth
New Jersey 07703
Phone: (732) 532-1475
Fax: (732) 532-6263
E-mail: Dinkerrai.Desai@us.Army.Mil

JANE GARDNER

Senior Counsel / Strategic Advisor
Corporate Environmental Programs
General Electric
General Electric Company
844 Racquet Lane
Boulder, CO 80303
Phone: (303) 494-5859
Fax: (303) 494-5386
E-mail:
Jane.gardner@corporate.ge.com
JPAC Chair for 2008

RALPH B. MARQUEZ

Commissioner
Texas Commission on Environmental
Quality
2906 Victoria Cove
Round Rock, TX 78664
Phone: (512) 809-5587
E-mail: rmarquezESP@aol.com

PATRICIA McDONALD

Consultant
Patty McDonald
847 E. Wild Rye Drive
Jackson, WY 83001
Phone: (307) 734-2758
Fax: (307) 734-2758
E-mail: pattyamcdonald@earthlink.net

Country Reports

Canada Progress Report, 2008

Country Report on Implementation of the Commitments Derived from the NAAEC

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

PART I: Government of Canada

FEDERAL GOVERNMENT

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

Since 2005, under the Canadian Environmental Sustainability Indicators (CESI) initiative, Canada has reported annually on environmental indicators in the areas of air quality, water quality and greenhouse gas emissions.

Indicator	Improvement
<i>Air quality</i>	<p>In 2008, the national ground-level ozone indicator was 37 parts per billion (ppb), or three percent, lower than in 2007. However, between 1990 and 2008 the indicator showed an overall increasing trend of about 11 percent.</p> <p>In 2008, the national fine particulate matter (PM_{2.5}) indicator was 8 micrograms per cubic meter. The national PM_{2.5} indicator fluctuated, with the value in 2008 being three percent lower than in 2007.* Overall, between 2000 and 2008, the national indicator did not show any statistically significant increasing or decreasing trend. However, the levels from 2006 to 2008 were all lower than levels from the previous six years.</p> <p>Between 2007 and 2008, SO_x emissions decreased by nine percent, NO_x emissions by six percent, VOC emissions by nine percent, PM_{2.5} by 11 percent and NH₃ by five percent. Comparing 2008 with 1985 shows that emissions have decreased by 53 percent for SO_x, by 14 percent for NO_x, by 25 percent for VOC, and by 61 percent for PM_{2.5}. For NH₃, emissions have increased by 17 percent.</p> <p>In addition, data from the National Pollutant Release Inventory indicate that emissions of four of the five Criteria Air Contaminants (CAC) have declined steadily in Canada between 1985 and 2008. Ammonia (NH₃) emissions have increased slightly during this period.</p> <ul style="list-style-type: none"> The large drop in SO_x emissions in the 1980s and 1990s is mainly attributable to government actions to fight acid rain, and to federal/provincial and US agreements on capping sulfur dioxide (SO₂) emissions by 1994. Most of these reductions were accomplished through technological upgrades and new pollution control for base metal smelters and power generation plants.

	<ul style="list-style-type: none"> • The decline in NO_x and VOC emissions is likely attributable to two factors: reductions from the transportation sector, given the progressive introduction of cleaner technology and fuels in vehicles; and reductions from the electricity generation sector as a result of regulation and domestic/international agreements. The reductions in NO_x and VOC may have been larger if not for increases in emissions mainly from the upstream petroleum industry. VOC emission reductions have also resulted from reduced VOC content in products such as paints, solvents, and cleaners. • The decline in PM_{2.5} emissions resulted from a drop in all main sources, which is largely a synergy of effects from regulation and agreements put in place over that period. • The modest increase in ammonia emissions is explained by growth in the agriculture sector and increase in fertilizer use. <p>Environment Canada collaborated with Health Canada toward that department's development of the Air Quality Health Index (AQHI), now available in 26 locations across Canada, including 10 census metropolitan areas.</p>
<i>Greenhouse Gas Emissions</i>	<p>Total GHG emissions in 2008 were 734 megatonnes (Mt) of carbon dioxide equivalent (CO₂eq), Canada's 2008 GHG emissions decreased 2.1 percent from 2007 levels, attributed partly to a slowdown in economic growth that began in 2008 and the utilization of greater amounts of hydropower for electricity generation. The growth trend has slowed in recent years - emissions since 2003 have decreased by 0.8 percent.</p>
<i>Freshwater Quality</i>	<p>Between 2006 and 2008, freshwater quality in rivers in populated regions of Canada was rated "excellent" for the protection of aquatic life at nine stations (five percent). It was rated "good" at 64 stations (37 percent), "fair" at 71 stations (40 percent), "marginal" at 27 stations (15 percent), and "poor" at five stations (three percent). Phosphorus had the greatest influence on ratings. Compared to the freshwater quality indicator for 2005–2007, 26 stations have changed categories: at 15 stations, the water quality rating improved by one category; at 10 stations, the water quality rating declined one category; and at one station water quality declined by two categories.</p>

* Further details on the 2008 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)

Management of emergencies in areas where there are sensitive environmental resources is a critical element of Environment Canada's Environmental Emergencies Program (<http://www.ec.gc.ca/ee-ue/>). In 2008, specialized modeling capacities under the federal government's security agenda were developed with National Defence funding. In addition, the Environmental Emergency Response section of the Canadian Meteorological Centre maintained its capacity to forecast where and how dangerous radioactive material could spread through the atmosphere in the event of a nuclear accident over the Americas. This activity supports the Comprehensive Nuclear Test Ban Treaty, Health Canada and the Federal Nuclear Emergency Plan, as well as the World Meteorological Organization and the International Atomic Energy Agency.

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 accordance with Canada's 2007 Science and Technology Strategy, *Mobilizing Science and Technology to Canada's Advantage*, significant investments were made in the 2008 budget in carbon capture and storage research, development, and demonstration; in research and analysis on biofuels emissions; and in research that contributes to a better understanding of how the environment affects the lives of Canadians. Also noteworthy was the establishment of nearly 20 Canada Global Excellence Research Chairs in the priority areas of the Science and Technology Strategy, as well as new funds for graduate scholarships, international study stipends, and student loans.

While figures for 2008 are not yet available, it can be expected that the Canadian government will have spent more than \$350 million on R&D for control and care of the environment—more than five percent of government R&D spending. Additional expenditures were made by the private sector and the Canadian provinces. Canadian researchers continued to maintain a strong record of publication in 2008, producing about 4,000 environmental research publications in peer-reviewed scientific journals. This represents about 10 percent of world production. In fact, in recent years Canada has been the third-most-productive producer of such publications, after only the United States and the United Kingdom.

Environment Canada is the central hub of the Canadian network in environmental research, and the seventh-most productive institution in the world in terms of environmental research publications in peer-reviewed scientific journals. The Department is the number one organization to collaborate with for 10 of the 14 other most productive institutions in Canada, and in recent years over 80 percent of the Department's research publications had collaborating authors from outside the Department. For the latest information on Environment Canada's research activities, please see <http://www.ec.gc.ca/scitech/default.asp?lang=En&n=AC4418A5-1>.

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

The Canadian Environmental Assessment Agency is responsible for administering the Canadian Environmental Assessment Act (CEAA) 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 Canadian Environmental Assessment Agency.

In 2008, Environment Canada participated in many successful environmental assessment reviews and acted as the responsible authority for approximately 400 project environmental assessments and as the federal authority (providing expert advice) for more than 2,000 projects. These assessments range in complexity from relatively benign screenings to large and complex evaluations of multi-billion-dollar projects such as the Mackenzie Gas Pipeline.

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 promotes 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 type of environmental endeavours. Notably, the government introduced the National Vehicle Scrappage Program (<http://www.ec.gc.ca/default.asp?lang=En&xml=5B400F8C-2A88-4E4B-BB75-A15BFF79D582>). Details on some of the other measures taken can be found at 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 2008 export control list is available at <http://www.ec.gc.ca/lcpe-cepa/default.asp?lang=En&xml=F500C6F5-AAEA-89A6-BAAD-41689C5CB5D9>.

Article 3 – Levels of Protection

The Department'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.

Also, major activities have been advanced in support of Canada's Chemicals Management Plan and Species at Risk Act. With respect to the Species at Risk Act, 23 species have been added to the Act since 2007. Further information can be found at the above website.

The process for hiring over 100 new enforcement officers began in 2008. Additionally, the Department invested in better forensic laboratory support, data collection, analysis and management systems to increase the effectiveness of enforcement officers as provided in Budget 2008.

During 2008, science and recovery work related to species at risk was improved, bringing the total number of species with immediate protection through prohibitions set out in the *Species at Risk Act* to 447, with 100 of these having a published final recovery strategy in the Species at Risk Public Registry.

Migratory Birds Convention Act, 1994

Work was continued to finalize and implement the recommendations following a review of the Bird Monitoring Program. There was continued work on the development and implementation of a regulation for the management of the incidental take of migratory birds in accordance with the purpose of the *Migratory Birds Convention Act, 1994*. In addition, the Migratory Bird Conservation Framework and the Risk Management Framework were advanced, including initial engagement of key stakeholders in the latter.

Toxic Substances

In 2008, over 400 New Substances Notifications (NSNs) were received; 408 NSNs were assessed, with the assessment of the remainder in progress. Draft risk assessment reports were published for 73 existing substances or classes of substances, and final assessment reports were published for 54 substances or classes of substances. 17 risk management scope documents and 19 proposed risk management approach documents published, addressing the risks from 27 substances. Control instruments were proposed or finalized for several substances, including phosphorus, perfluorooctane sulfonate, polybrominated diphenyl ethers, and chlorinated paraffins.

Article 4 – Publications

In 2008, the following regulation changes were pursued and notices were published by Environment Canada. For more details, please see <http://www.ec.gc.ca/lcpe-cepa/eng/regulations/?n=54FE5535-1>.

Regulation Name	Date	Status	Publication
Perfluorooctane Sulfonate and its Salts and Certain Other Compounds Regulations (SOR/2008-178)	June 08	Final	Canada Gazette, Part II
<i>Regulations Adding Perfluorooctane Sulfonate and Its Salts to the Virtual Elimination List</i> (SOR/2009-15)	Sep 08	Proposed	Canada Gazette, Part I
<i>Volatile Organic Compound (VOC) Concentration Limits for Architectural Coatings Regulations</i> (SOR/2009-264)	Apr 08	Proposed	Canada Gazette Part I
<i>Volatile Organic Compound (VOC) Concentration Limits for Automotive Refinishing Products Regulations</i> (SOR/2009-197)	Apr 08	Proposed	Canada Gazette Part I

Article 5 – Government Enforcement Action

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

In the 2008 budget, the Government of Canada directed supplemental funding toward improving the enforcement of environmental protection laws. In addition, funding was set aside for law enforcement in Canada's National Parks.

In terms of enforcement activities and measures under of the Fisheries Act, EC carried out 3,280 compliance verification inspections; 47 investigations, involving gathering and analyzing evidence and information relevant to suspected violations; and 24 charges, 5 convictions and issued 275 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-we/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 2008, 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 2008, 1 Notice of Objection was filed in connection with the "Proposed Order to add Propanedinitrile, [[4-[[2-(4-cyclohexylphenoxy)ethyl]ethylamino]-2-methylphenyl]methylene] - (CHPD) to Schedule 1 to the *Canadian Environmental Protection Act, 1999*;" 1 Notice of Objection was filed in connection with the "Proposed Order Adding Toxic Substances to Schedule 1 to the Canadian Environmental Protection Act, 1999;" and 1 Notice of Objection was filed in connection with the "Proposed Order to Add Chlorinated Paraffins to Schedule 1 of the *Canadian Environmental Protection Act (CEPA), 1999*". 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, 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 can be found at <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 2008, Alberta developed and delivered a variety of public education programs and projects for air and climate change, waste, and water [sites updated however for the most recent year], 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 developed new education projects and initiatives including: One Simple Act (<http://www.onesimpleact.alberta.ca/>), Gauge and Save Program for Clean Air Day, and Working Well (<http://environment.alberta.ca/01317.html>).

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.

Alberta Ingenuity is a foundation operating at arm's length from the government of Alberta and addresses gaps in provincial support for science and engineering research. Alberta Ingenuity operates via a \$800 million endowment fund from the government of Alberta to support world-class research centers, innovative private sector initiatives, and capacity building among leaders in the knowledge sector.

NanoAlberta seeks to build synergies among industry, universities, and government to advance the commercial potential of nanotechnology. The government of Alberta has committed \$130 million over a five year period, from 2007–2012. These funds will be used to expand nanotechnology research capacity and to develop new commercial applications to spur economic growth.

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*. Under these acts, many activities require an environmental assessment to help determine whether a proposal can be approved for operation. The main purposes of Alberta’s Environmental Impact Assessment process are to gather information determining what the environmental, social, and health impacts of the project may be, to provide an opportunity for the public to voice concerns, and to proactively consider how each project will fit into the province’s environment and economic developments plans.

Detailed information regarding Alberta Environment’s environmental assessment processes can be found at <http://www.environment.alberta.ca/01495.html>.

Article 2 (1)(f) – Economic Instruments

Alberta supports the use of economic instruments to meet desired environmental outcomes. Alberta Environment employs a range of economic instruments to meet its environmental goals including recycling program deposits and fees, electricity sector air emissions credits for nitrogen oxides and sulphur dioxide, and emissions credits and surcharges for greenhouse gases.

More detailed information on Alberta’s recycling programs can be found at <http://environment.alberta.ca/02785.html>. Further information on regulation of greenhouse gas emissions is located at <http://environment.alberta.ca/0915.html>. Information on the nitrogen oxides and sulfur dioxides trading [particularly related to the electricity generating sector] is found at <http://environment.alberta.ca/02504.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>. Amendments to regulations, as well as new regulations filed with Legislative Counsel, are published in Part 2 of the Alberta Gazette found at: http://www.qp.alberta.ca/alberta_gazette.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

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 the organization's website at <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/index.html>). 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. See Manitoba Conservation at <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, now focused on climate change, involved billboards, media advertisements, and a website (<http://www.gov.mb.ca/seeinggreen/index.html>).

In 2008, Manitoba launched GreenRegistry.org, a portal to climate change resources in Manitoba. This web portal provides organizations, families and individuals with information, guidance, and tools needed to respond to the climate change challenge. See <http://www.greenregistry.org/>.

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

Manitoba Science Technology Energy and Mines (now Manitoba Innovation, 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. See <http://www.gov.mb.ca/est/index.html>.

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

Manitoba's Environmental Assessment and 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. See <http://www.gov.mb.ca/conservation/envapprovals/index.html>.

Public hearings of the Clean Environment Commission may be recommended for a project if there is significant public concern. See <http://www.cecmanitoba.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. See <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*. See <http://www.gov.mb.ca/conservation/library/registry.html>.

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

Manitoba environmental and resource enforcement annual summary reports are Regional Support Services, at <http://www.gov.mb.ca/conservation/regoperations/index.html>.

QUEBEC

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

In 2008–2009, the Quebec Department of Sustainable Development, Environment and Parks (*ministère du Développement durable, de l'Environnement et des Parcs*—MDDEP) disseminated 64 new state of the environment documents (see Appendix 5 of the annual management report) on its own website and those of its agencies, including the Quebec Environmental Analysis Centre (*Centre d'expertise en analyse environnementale du Québec*—CEAEQ: <http://www.ceaegouv.qc.ca/index.htm>) or of one of its partners, Quebec Centre of Hydric Expertise (*Centre d'expertise hydrique du Québec*: <http://www.cehq.gouv.qc.ca/>). Quebec produces an annual GHG emissions report. *RECYC-QUÉBEC* published a directory of waste management consultants, nine data sheets on organic matter for elected municipal officials, a 2007 recycling centre report, and made changes to the Directory of Environmental Equipment Manufacturers (*Répertoire des manufacturiers d'équipements en environnement*), which became the Directory of Waste Management Equipment Suppliers (*Répertoire des fournisseurs d'équipements de gestion des matières résiduelles*).

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

The MDDEP operates an emergency response system throughout its territory, with regional departments ensuring continuous preparedness of the territories they cover. In terms of planning and preparation, it signed an agreement with the Department of Civil Safety (*ministère de la Sécurité civile*) to transfer calls received at the *Urgence-Environnement* and governmental operations call centres. Given increasing public concern over environmental matters, and with a view to greater transparency, the MDDEP produced and released on its website a registry of events related to *Urgence-Environnement* field interventions (see http://www.mddep.gouv.qc.ca/ministere/urgence_environnement/index.asp) and ensured that press releases regarding major environmental emergencies are released in a timely fashion.

Article 2(1)(c) – Education in Environmental Matters, Including Environmental Law

- Publication of *Les aventures de Rafales* on the MDDEP website (see <http://www.mddep.gouv.qc.ca/jeunesse/index.htm>), environmental feature stories for 10-to-14-year-olds, along with 13 information vignettes on the environment entitled *Sais-tu que...* (see http://www.mddep.gouv.qc.ca/jeunesse/sais_tu_que/index.htm).
- As part of the 2006–2012 Climate Change Action Plan, funded environmental organizations for public awareness initiatives on climate change (Climate Reality Project, Global Campaign for Climate Action, AQLPA).
- Collaborated with the Prince Albert II of Monaco Foundation to produce a biodiversity atlas of northern Quebec and for the establishment in Montréal of the Secretariat of the Global Campaign for Climate Action.
- Announced the creation of an Office of knowledge on water (*Bureau des connaissances sur l'eau*) with the primary mandate of implementing and coordinating various methods of collecting and disseminating knowledge about water, with a view to support integrated water resource management.
- The Department of Natural Resources and Wildlife (*ministère des Ressources naturelles et de la Faune*—MRNF) made the educational program *La faune et vous* available to teachers and students. Over 28,000 grade 6 students benefited from the program, in which wildlife protection agents visited classrooms; 103 students in Nunavik also benefited from the northern version of this program.
- The *Société des établissements de plein air du Québec* (SÉPAQ) produced, alone or in partnership, 266 knowledge acquisition (research, follow-up and inventories) and ecosystem management projects, with a view to improving park management and enriching educational activities. Some 366,000 people took part in 475 discovery activities held in Quebec provincial parks. It also published the first brochure dedicated to school programs in provincial parks.

RECYC-QUÉBEC:

- Helped to raise public awareness through various activities. Published *RECYC-INFO* (see http://www.recyc-quebec.gouv.qc.ca/client/fr/rubriques/recyc_info.asp) (10 regular editions, 6 briefs). Continued its used tire programs *Programme québécois de gestion intégrée des pneus hors d'usage 2002-2008* (some 7.9 million car-tire equivalent tires (*Équivalent de pneus automobiles*—ÉPA) were collected in 2008–2009) and *Programme de vidage des lieux d'entreposage des pneus hors d'usage au Québec 2001-2008* and adopted the used tire management program *Programme québécois de gestion intégrée des pneus hors d'usage 2009-2012*.
- Contributed to the ad campaign *MOI?* by the organization *Boissons Gazeuses Environnement* (BGE) for the collection of containers with deposits outside the home.
- Launch of the lecture series *Grandes conférences de RECYC-QUÉBEC*, the first of which dealt with major issues in sustainable development.
- Funded 32 projects through its *Programme VERRR 2008* and some 19 activities during Québec waste reduction week. Worked in partnership with the organization *Action RE-buts* to organize Québec waste reduction week, which held nearly 200 activities throughout Québec.
- Showed its commitment to the Québec education system through its support for the following partners: Brundtland Green Schools Movement (over 1,000 schools), the *Réseau québécois des écoles entrepreneuriales et environnementales* (over 65 schools), the *Réseau québécois des centres de formation en entreprise et récupération* (20 establishments), and *ENvironnement JEUnesse certification Cégep Vert du Québec* (nearly 30 CEGEPs).

- Information and discussion day on waste reclamation, in partnership with the MDDEP, the Department of Economic Development, Innovation and Export Trade (*ministère du Développement économique, de l'Innovation et de l'Exportation*—MDEIE) and the organization RÉSEAU environnement.
- As part of the *Production & Design Écodurables* awards, the Centre d'expertise sur les matières résiduelles (CEMR) and RECYC-QUÉBEC joined forces to honor businesses who strove to reduce the ecological footprint of their products in various phases of their life cycles. Other financial partners in the awards were the City of Montreal, *Éco Entreprises Québec* (ÉEQ), and the MDEIE.
- The program *VISEZ juste!*, which guides governmental departments and agencies in their approach to exemplary waste management.

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

- Funded a chair in carbon dioxide geological sequestration research (INRS–ETE).
- Granted funding to the Consortium on Regional Climatology and Adaptation to Climate Change (Ouranos inc.) to develop complementary science programming in connection with the PACC.
- Launch by the MDDEP of a program to acquire groundwater data to create a portrait of aquifers. Set up two applied research programs on groundwater and its sustainable management.
- Participation by MDDEP in the socio-acoustic study on noise from snow-clearing machine traffic, which will end in 2009.
- Investment by MRNF to encourage scientific research and technology development (wildlife monitoring, inventories, studies, and habitat restoration, reestablishment of several species, impact studies, and study and curbing of wildlife diseases).
- Launch of regional scientific roundtables (SÉPAQ), one of the means put forward to increase research partnerships with universities and other scientific organizations or institutions.

RECYC-QUÉBEC:

- Carried out a performance study of recycling centres, in collaboration with ÉEQ, the MDEIE, the MDDEP, the *Société des alcools du Québec*, and the Environment and Plastics Institute of Canada.
- Initiation of a three-year program in which RECYC-QUÉBEC [...] (Round table for recycling outside of the home)
- Participation in the *Conseil québécois des événements Écoresponsables*, a group of Québec environment firms. Mandated the Quebec standards bureau (*Bureau de normalisation du Québec*—BNQ) to develop a certification standard. Mandated, along with other partners, the BNQ to develop a certification program for bags, containers and packaging made from recyclable plastics.
- Conducted—by the *Chaire en éco-conseil* of *Université du Québec à Chicoutimi*, for RECYC-QUÉBEC—a study to clarify and make operational the concept of source reduction.
- Announcement of the creation of the “RECYC-QUÉBEC graduate bursaries” to encourage the development of knowledge and know-how in the field of responsible waste management.
- Accepted nine projects under the *Programme d'aide financière aux entreprises d'économie sociale oeuvrant dans le cadre des plans de gestion des matières résiduelles* (over 8,800 tonnes of waste treated and 83 jobs created).
- Partnership for collecting waste at festivals (295 tonnes of waste, including 130 tonnes of plastic, glass and metal containers, were diverted from landfill for reclamation purposes).
- Business and recycling training centres (*Centres de formation en entreprise et récupération*—CFER) – Mission zero electronic waste: about 700 tonnes of electronic waste was collected and recycled.

- Continued the waste characterization study started in 2006–2007.
- Partnered in a waste characterization study of the commercial sector.

SÉPAQ

- Carried out, alone or in partnership, 266 projects on data collection (research, monitoring, inventories) and natural ecosystem management with a view to improving park management and enriching educational programming.

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

As part of its enforcement of environmental impact assessment procedures in southern Quebec, the MDDEP carried out environmental reviews of 43 projects for which orders were issued by the government concerning their authorization (29), amendment (9) or exemption (5). In addition, in the territory covered by the *James Bay and Northern Quebec Agreement* (JBNQA), the provincial administrator rendered 52 decisions. South of the 55th parallel, six of these decisions concerned the issuance of a directive, one concerned the issuance of an authorization certificate, 15 concerned the amendment of an authorization certificate, and 13 concerned the issuance of exemptions from attestations. North of the 55th parallel, four of these decisions concerned the issuance of authorization certificates, eight concerned amendments to authorization certificates, and five concerned the issuance of exemptions attestations.

Article 2(1)(f) – Economic Instruments

- Creation of a green technology venture capital fund (Cycle capital fonds 1).
- Québec become member of the *Western Climate Initiative* ([WCI](#)), of the *International Carbon Action Initiative* ([ICAP](#)).
- Support, since 2008, for private sector conservation initiatives, through the *Partenaires pour la nature* program.
- Entry into effect on June 1, 2008, of the Ministerial Order concerning fees levied under the *Environment Quality Act*. These fees for environmental authorization requests are an application of the user-pays principle.
- The MDDEP worked with *Financière agricole du Québec* to apply ecoconditionality measures aimed at ensuring that financial assistance for farmers be dependant on compliance with certain aspects of agricultural regulations.
- Continued to charge fees, based on emission amounts of various regulated contaminants, from industrial facilities holding depollution attestations (equivalent to a renewable environmental operations permit) and to charge fees on certain products and services for control and monitoring measures.

RECYC-QUÉBEC

- Signed an agreement on the compensation plan for the collection of recyclables. The agreement concerning the 2007 net costs of collection services was signed by the parties involved: the *Fédération Québécoise des Municipalités* (FQM), the *Union des municipalités du Québec* (UMQ), *Éco Entreprises Québec* (ÉEQ) and RECYC-QUÉBEC. The ÉEQ tariff was published in the *Gazette officielle du Québec* on 25 March 2009.

Article 3 – Levels of Protection

- Creation of some 53,000 km² of new protected areas by the MDDEP, surpassing the objective of bringing the total area of protected lands in Quebec to eight percent.
- End of the transition period, on January 19, 2009, and coming into full effect of the *Regulation respecting the landfilling and incineration of residual materials*.
- Amendment of the *Regulation respecting waste water disposal systems for isolated dwellings* (Q-2, r.8) to allow non-watertight secondary treatment systems to be installed directly above a soil absorption system or a standard sand-filter bed.
- Departmental adoption of the *Regulation respecting the protection of waters from pleasure craft discharges*.
- Departmental adoption of the *Regulation to prohibit the sale of certain dishwashing detergents*.
- Tabling at the National Assembly of the draft *Act to Affirm the Collective Nature of Water Resources and Provide for Increased Water Resource Protection*.

RECYC-QUÉBEC

- Coming into effect of the Voluntary Code of Best Practices for the Use of Shopping Bags adopted by the *Association des détaillants en alimentation du Québec*, the Canadian Council of Grocery Distributors, the Quebec Retail Council, ÉEQ, and RECYC-QUÉBEC.
- Adoption of the government's intervention plan in the recycling sector (allows recycling centres to apply for funding guarantees as part of *Investissement Québec's Renfort* program, makes legal amendments allowing municipalities to adjust previously awarded contracts to recycling centres, implements the *Programme d'aide financière pour les centres de tri québécois 2009-2012*, creates a joint committee on recyclables, makes it possible for recycling centres to take advantage of employment assistance measures as part of an *Emploi-Québec* program, adopts governmental measures making it mandatory for government agencies and departments to purchase paper and cardboard containing recycled content, studies for the repurposing of recyclables through composting or energy recovery).

Article 4 – Publications

- All Québec 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). 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>).
- Publication of the 2006–2012 Climate Change Action Plan, enhanced with 26 measures aimed at reducing or avoiding greenhouse gas emissions or at adapting to climate change. Publication of the second annual review of the Plan's implementation.
- Publication by the MRNF of wildlife inventory protocols governing impact assessment studies related to wind-turbine development.

Public consultations:

- Two planned Provincial Parks (in accordance with the *Parks Act*): Lac-Témiscouata Provincial Park and Tursujuq Provincial Park.
- Planned Provincial Parks of *Lacs-Guillaume-Delisle* and *Eau-Claire*.
- Publication, for public consultation, of the draft *Regulation respecting wood-burning appliances* and the draft *Regulation amending the Land Protection and Rehabilitation Regulation*

Article 5 – Government enforcement measures

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

- Held training sessions to improve inspectors' competencies in various sectors, including: verifying farmers' fertilization plans, blue-green algae, rivers, restoration methods, enforcement of the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains related to municipalities' responsibilities, testifying before the courts, composting, drinking water treatment, wastewater treatment facilities, and swimming water.

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

- MDDEP inspectors carried out 19,044 inspections in the field and issued 5,739 notices of infraction. Investigators completed 430 inspections and verifications and dam compliance checks (CEHQ).
- The MRNF implemented 52 protection plans for species listed as threatened or vulnerable, and took action in over 848 fish habitat cases, leading to 274 charges.

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

- Review of the blue-green algae bloom management plan, in particular with regard to planning for visual monitoring of affected bodies of water by local partners (watershed and shoreline organizations, municipalities).
- The MDDEP redeployed integrated watershed-based water management throughout southern Quebec by creating 40 zones of watershed-based management such that all lakes and rivers are covered by a watershed organization.

Article 5(1)(d) – Publicly Releasing Non-compliance Information

- The MDDEP published 61 press releases related to convictions of over \$2,000.
- The MRNF published four press releases dealing with infractions or convictions.

Article 5(1)(e) – Issuing Bulletins or Other Periodic Statements on Enforcement Procedures

- The MDDEP published a Review of water bodies affected by blue-green algae blooms.
- Production of a document on the authorization process for projects that release significant amounts of ammoniacal nitrogen in municipal water treatment works, and of a document on guidelines for the structuring of composting activities and of awareness and information activities among targeted audiences.

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

- RECYC-QUÉBEC: 1,200 participants in the program “ICI ON RECYCLE!” (with 179 level-3 accredited establishments, the strictest standard).

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

- Issued 4,907 authorizations under the *Environment Quality Act*.
- Over 50 percent of facilities in the pulp and paper sector hold a second depollution attestation and must comply with emissions requirements based on the aquatic receiving environments described in their first attestation. The MDDEP continued its development and delivery of the first generation of depollution attestations for industrial facilities in the mineral industry and for prime metal manufacturing.
- Issued 55 authorizations under the *Dam Safety Act*.

Article 5(1)(j) – Judicial Proceedings

- The MDDEP forwarded 150 statements of offence to the Director of criminal and penal prosecution.
- MRNF agents filed 5,677 statements of offence and 7,584 charges under Québec laws and regulations.

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

- MDDEP investigators executed over 60 authorized entries and search warrants.

Article 5(1)(l) – Administrative ORDERS, INCLUDING ORDERS of a Preventative, Curative or Emergency Nature

- The MRNF issued 91 orders to voluntarily restore wildlife habitats.

Mexico Progress Report, 2008

Country Report on Implementation of the Commitments Derived from the NAAEC

INTRODUCTION

The information contained in this section of the 2008 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) during the period from 1 September 2007 to 31 August 2008. 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 the conservation and sustainable use of ecosystems, pollution prevention and control, and the different goals set in these areas. In particular, it also refers to the management of water and forestry resources.

ENVIRONMENT, ECONOMY AND TRADE

- As part of the vaquita conservation strategy, the Mexican government took measures to reduce the accidental capture of the cetacean. In addition, to promote a reconversion toward production activities that do not endanger the species (as occurs with gill nets) and to avoid affecting fishermen in communities in the Upper Gulf of California (San Felipe, Gulf of Santa Clara and Puerto Peñasco), the INE designed economic support measures for participating fishermen.
- The investment, production and public policy decision-making of the federal public administration incorporates environmental impact and risk criteria and the efficient and rational use of natural resources. For this purpose, Semarnat fostered a national strategy known as Transversality of Public Policies for Sustainable Human Development, coordinating actions among different sectors of the federal administration, the three levels of government and citizen participation.
- 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.
- The Tourism Secretariat (*Secretaría de Turismo*—Sectur) hosted the 7th International Tourism Congress, inviting the private sector in the tourism industry to invest according to green criteria. To date, the authorities, along with society, have set up 55 “Agenda 21” countries in different Mexican tourism destinations, while 72 destinations are already applying the Green Indicators System.
- The Tourism Advisory Board (*Consejo Consultivo de Turismo*) was created to maximize the benefits that tourism brings for the development of Mexico.
- The Shared Risk Fund (*Fondo de Riesgo Compartido*—FIRCO) of the Secretariat of Agriculture, Stockbreeding, Rural Development, Fisheries and Food (*Secretaría de Agricultura, Ganadería,*

Desarrollo Rural, Pesca y Alimentación—Sagarpa) and Conanp implemented the Small Business Fund and Single Window to promote and guide new ecotourism projects, in addition to supporting the existing protected reserves. More than 120 proposals for natural tourism projects were evaluated and supported.

- The Secretariat of Agrarian Reform (*Secretaría de la Reforma Agraria*—SRA) executed an agreement with Profepa to foster a culture of ecology in farm groups and contribute to the sound use of natural resources.
- The First Symposium on Sustainable Development in the Electrical Sector was held, 24-26 October 2007, where it was announced that the Federal Electricity Commission (*Comisión Federal de Electricidad*—CFE) would publish the Annual Sustainability Report to inform the public on its goals and progress with respect to environmental protection.
- Semarnat's interinstitutional working group met in April 2008 to work on the National Sustainable Production and Consumption Strategy, which was submitted to the persons responsible for follow-up.
- In the framework of the green procurement task force under the Marrakech Process, Semarnat attended the *Train to Trainers* event on 2-3 June 2008) in Johannesburg, South Africa, presenting Mexico's progress on this important issue.
- Semarnat attended the event-course under the Mercosur green procurement pilot project (11-13 June) in Buenos Aires, Argentina, providing Mercosur Group 6 with Mexico's current legal framework for green procurement and the Green Management Program as a case of success.
- To increase the production and productivity of forest ecosystems with commercial potential, Conafor supported foresters in the sustainable use of forestry resources through grants aimed at the management and technical use thereof.
- Mexico participated in two high-level meetings: the Environment Ministers Meeting and Roundtable for Sustainable Development on Biofuels (April 2008, Paris, France). At the former, Semarnat chaired with working group on how the Organization for Economic Cooperation and Development (OECD) plans to address climate change in the future, while at the latter viewpoints were exchanged on the economic potential and sustainability challenges facing the production and use of biofuels. Mexico stressed the importance of using second-generation biofuels that do not compete with basic food products, which have a positive environmental balance and foster the production of renewable energies.
- At Mexico's behest, the environment ministers from Mexico and Central America negotiated and agreed, in the state of Campeche, on the Mesoamerican Environmental Sustainability Strategy, composed of three topical areas corresponding to priorities in the region: woodlands and biodiversity, climate change, and sustainable competitiveness.
- The Temporary Employment Program (*Programa de Empleo Temporal*—PET) benefited 16,320 persons, with an investment of 45 million pesos in 97 Protected Natural Areas (*Áreas Naturales Protegidas*—ANPs) and 29 with other approaches to conservation.
- The Madrid Action Plan 2008-2013 was drafted and approved for the World Network of Biosphere Reserves, whose implementation is intended to guarantee the environmental, economic and social sustainability of biosphere reserves. During the Congress, the Marietas Islands National Park joined the network, giving Mexico a total of 36 member sites.
- The federal government, through ProÁrbol, issued grants for the establishment of high-quality forest plantations on temporary forest lands or woodlands, for purposes of producing forestry materials intended for processing or commercialization. The purpose of the grants is to support production reconversion, expand extent of forest cover and foster the medium- and long-term reduction of the deficit in the trade balance of timber and non-timber forestry products.

- One of the major objectives of the 2007–2012 National Development Plan and the 2007–2012 National Water Plan is to promote the comprehensive and sustainable management of water in basins and aquifers. In this context, and in the search for alternatives to face the challenge of sustainability in the water sector, the concept of Water Banks was created. Under the National Water Act (*Ley de Aguas Nacionales*), the banks govern the regulated transfer of rights and provide standardized mechanisms for the efficient reallocation of water through the sound management of demand, rather than increasing supply, in a framework of transparency and legal certainty.
- As regards ecological zoning, the general zoning plan was created and specific processes were developed for priority regions such as the country's seas and coasts. In particular, work was done to implement this planning instrument in coastal states and municipalities with a high potential for tourism, industry, farming, aquaculture and fisheries development.
- With respect to water and the environment, at the end of 2008 IMTA concluded 229 research and development projects, including:
 - Development and adaptation of appropriate technologies for rainwater capture, wastewater potabilization and treatment in rural and urban communities. As part of the Program for the Environmental Recovery of Lake Pátzcuaro, the transfer of technologies of this kind continued to various communities in the basin.
 - An ecological house was designed and built at IMTA facilities, using natural materials and appropriate technologies, for the validation thereof. Results point to the benefits of the technologies and their relevance for mass application with the country's most marginalized sectors, helping to improve their living standards.
- With respect to climate change, efforts in 2008 were geared toward the full implementation of the National Climate Change Strategy (*Estrategia Nacional de Cambio Climático—ENAC*), starting with the development of the Special Climate Change Program (*Programa Especial de Cambio Climático—PECC*) and the implementation of abatement and adaptation actions and projects for the conservation of tree carbon, the reduction of greenhouse gas emissions and the generation of knowledge to strengthen policymaking on climate change.

BIODIVERSITY CONSERVATION

- The National Protected Natural Areas Program (*Programa Nacional de Áreas Naturales Protegidas*) for 2007–2012 focused its protection efforts on various ecosystems under three strategic lines to ensure the conservation of ecosystems and their biodiversity at federal ANPs and other approaches to conservation: three focusing on direct conservation through protection, management and restoration, and three through indirect protection by generating knowledge, culture and stewardship.
- In the case of species that inhabit protected natural areas, during the period from 1 September 2007 to 31 August 2008, the main protection actions were as follows:
 - The El Verde Sanctuary ended its historic 2007 season with a 100% increase in the number of ridley sea turtle nests, after more than three decades of site conservation.
 - In July 2008, the management at the Los Tuxtlas Biosphere Reserve, in coordination with civil society, the municipal police and institutions such as the National Fisheries Commission (*Comisión Nacional de Pesca—Conapesca*) and Profepa, implemented the Blue Crab Species Preservation Campaign.
- Regarding the conservation of at-risk species and conservation for sustainable development, the At-Risk Species Conservation Program was launched in late 2007, with priorities including the vaquita

(*Phocoena sinus*). The Vaquita Species Conservation Action Programs (*Acción para la Conservación de Especies—PACE*) received support through community projects and actions and an investment of 139 million pesos (100 million for investment and another 39 million for operation expenses and evaluation). Also, on 6 June 2008, Conanp set the grant guidelines for Conservation for Sustainable Development Program (*Programa de Conservación para el Desarrollo Sostenible—Procodes*).

- The Grant Guidelines for the Species Conservation Action Program were developed, and the Sagarpa-Semarnat collaboration agreement was drafted to define actions for the conservation of the vaquita and its habitat and to foster the sustainability of fishing activities in the Upper Gulf of California.
- As part of the commitments assumed as part of the Programme of Work on Protected Areas under the Convention on Biological Diversity (CBD), the following books were prepared and submitted: *Analysis of Gaps and Omissions in the Conservation of Mexico's Land Biodiversity: Spaces and Species*, and *Analysis of Gaps and Omissions in the Conservation of Mexico's Marine Biodiversity: Oceans, Coasts and Islands*. In the case of terrestrial ecosystems, there are 96 terrestrial ecoregions in Mexico, 11 of which are unprotected and 50 of which are underrepresented in the protected areas' systems. In the case of marine biodiversity, 105 priority conservation sites are described.
- Coordination began with other federal agencies to address the problem of invasive species, and actions were implemented to control the gilt-head bream (*Sparvus aurata*), an exotic species in the bay of La Paz, Baja California Sur. The problem was addressed in its early stages with the collaboration of personnel from Semarnat, Profepa, Conanp, the Autonomous University of Baja California Sur (*Universidad Autónoma de Baja California Sur—UABCS*), the Northwest Biological Research Center (*Centro de Investigaciones Biológicas del Noroeste—Cibnor*) and the Interdisciplinary Marine Science Center (*Centro Interdisciplinario de Ciencias Marinas—Cicimar-IPN*).
- In 2008, 32 forest fire prevention and control programs were developed and implemented through the state forest fire committees, with the participation of the three levels of government and civil society.
- In May 2008, in the framework of the Ninth Meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD) in Bonn (Germany), Mexico presented the Mexican Conservation Strategy, the country's response to the Global Strategy, among other things. It also presented the process to prepare the National Invasive Species Strategy. Conabio also participated in a meeting on the Global Taxonomy Initiative, where the decision to prepare the initiative's work plan was reviewed.
- As regards ecosystem assessment and decision-making, on 24–25 March 2008, Conabio, the World Conservation Monitoring Centre, and the British Embassy organized the Millennium Ecosystem Assessment Workshop: Perspectives and Challenges for Decision-Making. The workshop featured the participation of decision-makers from different sectors and levels, seeking to create awareness on the different sources available for information on biodiversity, evaluate the results of the Millennium Ecosystem Assessment (MA) and present the content of the Second Country Study. Upon conclusion, participants suggested ways to include results from different information sources and decide the best ways to release them.
- Conabio publications in 2008 include: *Illustrated Flora of the Monarch Butterfly Biosphere Reserve; Trees and Urban Green Areas in Mexico and Its Metropolitan Area; Brief Style Manual for Environmental Texts; Mexican Bird Field Guide, Volume I "Mexico City"* (Spanish-English bilingual edition); *Boring Sponges of Calcareous Substrates: Importance in Eastern Pacific Reef Ecosystems; Exotic Animals in Mexico: A Threat to Biodiversity; and Mammals of the Valle de los Cirios and El Vizcaíno Reserves*.
- The inclusion of the Flora and Fauna Protection Area at *Sierra de Álamos*, Sonora, in the UNESCO Man and the Biosphere (MAB) Programme was approved, for a total of 36 listed sites in Mexico.

- In response to Mexico's efforts the Monarch Butterfly Biosphere Reserve was listed as World Heritage Site by the UNESCO Committee on 7 July 2008.
- The MAB-UNESCO International Coordinating Council granted the 2008 Michel Batisse Award to personnel at the *La Encrucijada* Biosphere Reserve for the reserve's wetlands conservation project.
- World Wetlands Day was held in Mazatlan, Sinaloa on 2 February 2008. At the event, the addition of 45 new Mexican sites to the list of wetlands of international importance was announced, whereby Mexico stayed in second place worldwide, with 112 sites under the Convention on Wetlands of International Importance, especially for Waterfowl Habitat (Ramsar Convention).
- At the end of 2007 and during 2008, the number of protected areas in Mexico increased to 164, incorporating 364,643 hectares under this regime. The country's total protected area totals 23,096,927 hectares, representing 11.76 percent of national territory.

POLLUTANTS AND HEALTH

- Semarnat, in the scope of its jurisdiction, addresses challenges and issues with respect to the prevention and control of air, water and soil pollution; comprehensive waste management; comprehensive management for the remediation of contaminated sites; high-risk activities; and the handling of hazardous wastes and chemicals.
- Instruments to enhance the environmental performance of production activities were promoted and applied, fostering the shared responsibility of producers, society and the government. New strategies were also employed to fairly distribute the costs of preventing and solving the problem of pollution, enforcing the environmental laws in an increasingly effective, efficient, expeditious and transparent manner.
- To halt and reverse air, water and soil pollution and the loss of natural capital, and to conserve ecosystems and their biodiversity, in 2007 the transversality agendas with 32 participating agencies aimed to execute 50 actions to have a favorable impact on these areas.
- The Secretariat of Foreign Affairs (*Secretaría de Relaciones Exteriores*—SRE), the Secretariat of National Defense (*Secretaría de Defensa Nacional*—SEDENA), the Secretariat of the Navy (*Secretaría de Marina*—SEMAR), the Secretariat of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*—SHCP), the Secretariat of the Economy (*Secretaría de Economía*—SE), the Secretariat of Communications and Transport (*Secretaría de Comunicaciones y Transportes*—SCT), the Secretariat of Health (*Secretaría de Salud*—SSA), the Secretariat of Labor and Social Welfare (*Secretaría de Trabajo y Previsión Social*—STPS), Sagarpa, Semarnat and the Office of the Federal Attorney General (*Procuraduría General de la República*—PGR) held the National Forum and Hazardous Chemicals: Application of the Stockholm and Rotterdam Conventions and the Strategic Approach to International Chemicals Management (SAICM). This forum led to commitments and actions such as the establishment of the National Coordinating Committee for the drafting of the Stockholm Convention National Implementation Plan.
- As regards the pollutant release and transfer register (PRTR),¹ to improve the reception of Annual Operating Licenses (*Cédulas de Operación Anual*—COA), Semarnat implemented two mechanisms to automate them:

¹ The PRTR, known in Mexico as the *Registro de Emisiones y Transferencia de Contaminantes* (RETC), is a national database with information on pollutants released into the environment (chromium, mercury, DDT, asbestos, lindane, polychlorinated biphenyls [PCBs], dioxins and furans), which pollute the air, water, soil and subsoil, or are transferred in wastewater or hazardous waste.

- Online electronic module: Using Advanced Electronic Certificates, 70 licenses were received for 12 industry associations between February and April 2008.
- National Filing System Module (*Módulo del Sistema Nacional de Trámites—SINAT*): Thanks to the automatic concentration of licenses in a database at the main offices, the time to create the PRTR database is reduced. The Comprehensive Service Center (*Centro Integral de Servicios—CIS*) received 850 applications from Semarnat offices in different Mexican states.
- The creation of the PRTR 2006 database was completed, and the information review period began, with a view to publication.
- Late 2007 showed the lowest levels of use of gases that damage the ozone layer in Mexico, as only 50 tons of chlorofluorocarbons (CFCs) were imported, and imports of halons (gases used in fire prevention) were closed. Currently, the National CFC Phaseout Program includes various actions for Mexico to completely eliminate CFC use before 2010.
- Inspections and oversight were carried out at establishments with industrial, commercial and service activities deemed to be high-risk due to their corrosive, reactive, explosive, toxic and flammable characteristics.

ENVIRONMENTAL LAW AND POLICY

- Inspection and oversight of the legal and sustainable use of forest resources and wildlife are an essential part of environmental law enforcement and the fight against organized environmental crimes.
- To reduce illegal tree felling in the Monarch Butterfly Biosphere Reserve, 35 forestry investigations were carried out, 21 in Mexico State and 14 in Michoacán. Among other things, these actions enabled the seizure of 826 cubic meters of rolled timber, 114 sets of equipment and tools and 34 vehicles; 79 preventive protection actions; and 17 persons were handed over to the public prosecutor.
- A macro-investigation was conducted on 5 December 2007, in the Area of Influence of the Monarch Butterfly Biosphere Reserve, in coordination with the PGR, with decisive results. The operation led to the 56 persons caught in the act, and the seizure of 32 vehicles, 83 sets of tools and equipment, one firearm and 6,116 cubic meters of rolled timber. Based on this action, the PGR is in the process of seizing 2,000 cubic meters of rolled timber whose legal source was not proved.
- During 2008, 432 civil and criminal complaints were filed throughout Mexican territory.
- The National Housing Commission (*Comisión Nacional de Vivienda—Conavi*) and the National Energy Savings Commission (*Comisión Nacional para el Ahorro de Energía—Conae*) signed an Agreement to Ensure the Sustainability and Energy Efficiency of Residential Projects. The agreement foresees the execution of specific agreements to define the basic parameters for the performance of actions with respect to technology transfer and research, standards, training and education, information and awareness, and evaluation and follow-up.
- Environmental law enforcement was increasingly effective, efficient, expeditious and transparent. The shared responsibility of producers, society and the government was also furthered with the promotion and application of instruments to foster improved environmental performance in production activities. New strategies were also employed to fairly distribute the costs of preventing and solving these problems. In the framework of the Environmental Audit Program (*Programa de Auditoría Ambiental*), 1,053 new audits were conducted and 746 companies that satisfactorily completed their action plans were certified for the first time. Certification means that in addition to complying with Mexican environmental law, certified companies have adopted environmental practices beyond the requirements of domestic law. The promotion and execution of environmental audits is a commitment

of the three member countries of the North American Agreement on Environmental Cooperation (NAAEC).

- Semarnat drafted a Mexican official standard for the classification and labeling of hazardous materials, for the national implementation of the UN-proposed Globally Harmonized System of Classification and Labeling of Hazardous Materials, regarded as a necessary element to apply the SAICM, to which Mexico is party.
- Mexico participated in the creation of the OECD's Environmental Outlook to 2030, a key document for the design of medium-term national and international environmental policies, addressing a series of environmental challenges such as climate change, loss of biodiversity, water scarcity, health impacts due to pollution issues, and hazardous waste and chemicals.
- Regarding fire fighting and prevention, fire standard NOM-115-Semarnat-Sagarpa-1997 was issued, with 1,631 discussions, the distribution of more than 1.4 million sets of awareness materials, the broadcast of 254,000 radio and television, and 1,443 press releases and conferences.
- In addition, 743 fire prevention talks were held for 4,452 persons, with 233 training courses requiring 16 classroom hours each, on basic topics on forest fire prevention, detection and control, fire behavior and emergency management systems.
- A total of 16,276 administrative proceedings were carried out for alleged violations of the environmental rules, and 21,924 administrative rulings were issued on proceedings begun in 2008 and prior years. This consolidated this administration's commitment to effective and prompt enforcement.
- The development of policies and administrative guidelines began for the enforcement and assessment of compliance with the wastewater provisions, in light of the demand for evaluating the environmental damage caused to wildlife associated with aquatic ecosystems. These ecosystems are affected by the drainage of wastewater from industrial, farming and municipal activities and environmental contingencies into the country's bodies of water.
- To strengthen the rules governing hazardous waste generation and disposal, Mexican Official Standards (*Normas Oficiales Mexicanas*—NOM) are being drafted on the following issues: materials classification and labeling; procedures to prepare management plans; preconditions and specifications for final disposal in controlled landfills; procedures to prepare management plans in the metals industry; and specifications for the classification and identification of batteries for environmentally sound management upon disposal.
- Development instruments include the battery waste management program and three technical guides: battery waste management, hazardous biowaste, and hazardous waste characteristics, identification, classification and listing under standard NOM-052-Semarnat-2005.
- Work was also done on the draft standard on preparedness and response to environmental emergencies at establishments engaged in high-risk activities, incorporating the concepts suggested by the OECD in its publication *Guiding Principles for Chemical Accident Prevention, Preparedness and Response*.
- Economic, financial, legislative planning instruments were designed to support the water sector. Of these, proposals were completed to amend economic and public policy instruments and on the regulation of and adjustments to water markets.

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. In the

period covered by this report, there was 99.53 percent effectiveness in terms of handling environmental complaints filed with Profepa, i.e., of 8,149 complaints received, 8,111 were handled in the period allowed by law.

- Various events were held as part of the 2007 Cultural Strategy for Conservation, including the Sixth National Conservation Week between 26 November and 3 December 2007, with 4,068 activities or actions nationwide.
- Under the agreement between SRA and Profepa, the SRA trained 400,000 farmers and best production practices and participative organization methods.
- The Women's Meeting and Fair for Environmental Sustainability was held 4–7 March 2008, at Semarnat headquarters and the Jaime Sabines Cultural Center, to enable the sharing of experiences among 57 women representing groups from 17 Mexican states, as well as the exposition and sale of their products made from natural resources available in their communities, including food, decorations, clothing and medicinal products, among others.
- The International Forum on Gender and Environment was held 8 July, in coordination with the SRE, the National Women's Institute (*Instituto Nacional de las Mujeres—Inmujeres*) and the United Nations Development Programme (UNDP). The purpose was to promote and create awareness of the agreements reached in terms of gender equality, especially with regard to women's human rights and the environment and recommendations and observations issued by international organizations to the Mexican government surrounding such issues. Attendance was 851 persons (199 men and 652 women), including representatives of all sectors of society (civil, academic, governmental, etc.).
- Four regional workshops on the Monitoring and Assessment of the Women's Blue Agenda were held in June. As part of the process begun in 2005, the goal was to build the management and organizational capacities of women concerned with water management, use and control and interested in submitting water policy proposals, with a view to improving their living conditions and the standard of living of their families and communities. Workshops were held in the states of Veracruz, Oaxaca, Sonora and Yucatán, with the attendance of 126 persons (113 women and 13 men).
- The Convening of Indigenous Peoples to Heal Mother Earth was held 10–13 March in Palenque, Chiapas, where indigenous representatives from Canada, the United States and Mexico deliberated on four topics: water, air, earth and fire, addressing the environmental problems facing the planet and its communities. The result of the meeting is the Palenque Declaration, a living document that seeks to send a message to indigenous peoples to reflect on compliance with international agreements and to change attitudes regarding the use of natural resources.
- To strengthen the operation of Sustainable Development Advisory Boards (*Consejos Consultivos para el Desarrollo Sustentable—CCDS*), and in conjunction with their members, the creation of Core Boards was formalized in the 32 Mexican states. The official notice to create boards for the 2008–2011 period was issued 18 March 2008.
- From 14 April to 19 May 2008, the renewal process was held for the democratic election of representatives in different sectors: business, social, non-governmental organizations, academic, indigenous, youth organizations and women's or gender-oriented organizations. Ordinary meetings were also held to set up Core Boards throughout the country.
- Public participation was also fostered at seven public informational meetings on environmental impact assessment drafts submitted for authorization. A total of 1,171 matters were received and processed, forwarded by the Federal Citizen Assistance Network of the Office of the President.
- Pursuant to the Federal Transparency and Access to Public Governmental Information Act (*Ley Federal de Transparencia y Acceso a la Información Pública Gubernamental—LFTAIPG*), 3,057 information requests were received from September 2007 to August 2008, placing Semarnat fourth

among agencies in the federal public administration. Despite the large number of requests received, in the period only 45 appeals were filed (1.47 percent of the total) by citizens who challenged or disagreed with the responses to their requests. Of these, the Federal Institute for Access to Public Information (*Instituto Federal de Acceso a la Información Pública*—IFAI) decided to revoke or modify the response to only 0.38 percent.

- The First Symposium on Sustainable Development in the Electrical Sector was held, as was the National Hazardous Waste Forum with respect to the application of the Stockholm and Rotterdam Conventions and the SAICM, with the involvement of different federal agencies, nongovernmental organizations and representatives of industry, academia and civil society, among others.
- The following agreements were executed in January 2008: one with the Mexican Scouts Association, with more than 34,000 members in 50 cities throughout the country; and a collaboration agreement with the Mexican Youth Institute (*Instituto Mexicano de la Juventud*—IMJ), which attends to 33,774,976 young people between 12 and 29 years of age.
- In February 2008, the Secretariat of Public Education (*Secretaría de Educación Pública*—SEP) was supported with respect to the Proposed Environmental Profile of Students Graduating from Basic Education, the Proposed Competency in Environmental Education, the Criteria for the Development and Revision of Environmental Content in Free Textbooks, and the updating of the *Atlas of Mexico*.
- Lastly, the IMTA fostered various specialized forums and seminars, such as the 2008 Water Science and Culture Week and the Meeting for the Activity Report of the Interdisciplinary Climate Change Group. The Mexican water portal, *Atl*, was created and implemented to facilitate the access and involvement of society and specialists in the area. The knowledge created by the different IMTA departments was disseminated through the publication of 10 book titles. IMTA also participated in the Planet Water (*Planeta Agua*) radio program heard by a wide audience in the state of Morelos.
- The publication and distribution of the journal “Water Engineering in Mexico” (*Ingeniería Hidráulica en México*) continued, along with the creation of awareness videos such as *Effects of Climate Change on Mexico’s Water Resources*; *IMTA, The House of Water Knowledge and Technology*, and 11 capsules on water in Morelos and water culture in Mexico.
- In the case of training, the following courses and seminars were held: 39 courses on various water and environmental issues, with the attendance of 559 participants; the Fourth International Seminar on Comprehensive Water Use: The Future of the Water Sector, and the course-workshop on the effects of climate change and its potential impact on the Mexican water sector, with the attendance of 29 water specialists from Mexico and Latin America.

United States Progress Report, 2008

Country Report on Implementation of the Commitments Derived from the NAAEC

Introduction

The information included in this section of the 2008 Annual Report is intended to highlight certain activities and developments related to environmental protection for the calendar year 2008. 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

- EPA's aggressive enforcement throughout 2008 resulted in substantial environmental benefits: levying civil penalties against California polluters and violators, taking actions to reduce water pollution, improving local air quality, cleaning oil spills, and prosecuting environmental violators. EPA enforcement actions against California companies resulted in the reduction of more than 83.5 million pounds of pollution and the clean up of 100 million cubic yards of contaminated soil and water. Additionally, EPA enforcement led California companies to invest \$1.7 billion on pollution control and environmental cleanup to comply with regulations at their facilities.
- In a record year for the EPA, the agency took civil and criminal enforcement actions, requiring regulated agencies to spend an estimated \$11.8 billion nationally on pollution controls, cleanup and environmental projects.
- In April 2008 the CEC held its Fourth North American Symposium on Assessing the Environmental Effects of Trade. The symposium concentrated on the services sector, with the overall goal having been to improve the understanding of the environmental effects of free trade and related economic growth in North America, as well as to identify opportunities for further integration between environmental and trade policies.
- Environmental Secretaries from all ten US – Mexico Border States met in Hollywood, California, to sign the Tire Initiative Letter of Understanding. The project implements measures to prevent tire piles and eliminates public health risks from them. As of now, 4 million tires have been removed by Border 2012 Program Partners.
- Administrator Johnson led the US delegation to the G8 Environment Ministers Meeting in Kobe, Japan. The participants discussed climate change, biodiversity, and the "3R Initiative" (reducing waste and reusing and recycling resources and products).
- Administrator Johnson, Juan Rafael Elvira Quesada, Mexican Secretary for Environment and Natural Resources and John Baird, Canadian Environment Minister, signed a statement of intent on cooperation to strengthen the assessment and management of chemicals in North America. The statement affirms the commitments made by President Bush, Canadian Prime Minister Stephen Harper and Mexican President Felipe Calderon at the Security and Prosperity Partnership of North America's Leaders' Summit in Montebello, Quebec, in August 2007.

State of the Environment

- In collaboration with NOAA, USGS, the US Fish and Wildlife Service, coastal states, and the National Estuary Program, EPA released the last of three environmental assessments on the nation's coastal and Great Lakes waters, the National Coastal Condition Report III. Using five indicators, the report assessed coastal conditions: water quality, sediment quality, benthic community condition, coastal habitat loss (as indicated by changes in wetland area), and fish tissue contaminants. Based on these five conditions, the overall condition of America's coasts are rated as "fair," but have improved overall since the 1990s.
- NOAA, EPA and the National Science and Technology Council released an interagency report titled *Scientific Assessment of Freshwater Harmful Algal Blooms*, which presents a plan for minimizing the impacts of harmful freshwater algal blooms in the United States. The report is the first such comprehensive look at these algal blooms, and includes plans to decrease the harmful economic and health impacts they cause.
- EPA released a report to help reduce the potential impact of climate change on estuaries, forests, wetlands, coral reefs, and other ecosystems. The *Preliminary Review of Adaptation Options for Climate-Sensitive Ecosystems and Resources* identifies strategies to protect the environment as these changes occur.
- EPA released the "2008 Report on the Environment: Highlights of National Trends," which provides Americans with an important resource for better understanding trends in our nation's health and environment. Along with the report, EPA unveiled a new website to allow people to research EPA reports on trends of air, water, and land.

Changes in Level of Protection

- EPA announced a final rule providing an administrative reporting exemption for air releases of hazardous substances from animal waste at farms. The purpose of the exemption is to allow authorities to better focus their attention on hazardous substance releases that require a response, while also reducing reporting burdens on America's farms. Response authorities must still be notified when hazardous substances are released to the air from sources other than animal waste, and when hazardous substances are released to soil and water.
- EPA launched a new web tool on the agency's website to enlist the public and other law enforcement agencies in capturing fugitives accused of breaking environmental laws and evading arrest. The website includes pictures of the fugitives, descriptions of their alleged crimes, and information about their last known whereabouts. Included on the website is the "Report a Fugitive" form for those who have information on a fugitive to inform the EPA.
- EPA significantly reduced the National Ambient Air Quality Standard (NAAQS) for lead. EPA revised the standard from 1.5 micrograms of lead per cubic meter of air to 0.15 micrograms per cubic meter to provide increased protection against an array of adverse health effects, particularly effects on children's developing nervous systems.
- EPA issued a final New Source Review (NSR) rule requiring consistent accounting for air emissions that are not released through a stack, vent or other confined air stream. These emissions are often referred to as "fugitive emissions" and can escape from equipment leaks or by evaporation. Under the new requirement, facilities must account for fugitive emissions from major modifications to existing facilities the same way they account for fugitive emissions from major newly constructed facilities under the NSR program.

- EPA made a final determination not to regulate 11 contaminants on the second drinking water contaminant candidate list (CCL 2) after concluding that the contaminants do not occur nationally in public water systems, or occur at levels below a public health concern threshold. The agency's final regulatory determination is based on extensive review of health effects, occurrence data and public comments.
- In a joint effort with US Department of Energy, EPA has begun to help states to promote low cost energy efficiency. More than sixty energy, environmental, and state policy leaders from across the country worked together to produce the updated *National Action Plan Vision for 2025: A Framework for Change*. The action plan outlines strategies to help lower the growth in energy demand across the country by more than 50 percent, and shows ways to save more than \$500 billion in net savings over the next 20 years. These actions may help to reduce annual greenhouse gas emissions equivalent to those from 90 million vehicles.

Government Enforcement Action

- The city of Jacksonville, Florida, agreed to clean up two Superfund sites located within the city limits, at an estimated cost of \$94 million, and to reimburse all costs incurred by EPA. For roughly fifty years, the city operated two incinerators and a landfill resulting in widespread contamination in and around Jacksonville.
- A settlement was reached with W.R. Grace, a global supplier of specialty chemicals, which agreed to reimburse the federal government for the costs of the investigation and cleanup of asbestos contamination in Libby, Montana. The company agreed to pay \$250 million, the highest sum in the history of the Superfund program.
- Lyle Ravenkamp of Hugo, Colorado, pleaded guilty to a misdemeanor violation of the Migratory Bird Treaty Act. Ravenkamp admitted that he improperly applied the chemical insecticide carbofuran to a 95-acre sunflower field in Lincoln County, Colorado, leading to the deaths of over 2,200 migratory birds.
- EPA and the Department of Justice announced that Motorola, Inc., Siemens Corp. and GlaxoSmithKline must collectively pay a \$500,000 civil penalty for system failures that led to the release of trichloroethylene (TCE) into the public drinking water system in Scottsdale, Arizona. The settlement resolves violations of the North Indian Bend Wash consent decree.
- Valero Refining-Texas, L.P., agreed to resolve alleged violations of the Clean Water Act stemming from a spill of 3,400 barrels of oil into the Corpus Christi Ship Channel on June 1, 2006. Valero has consented to pay a \$1.65 million civil penalty and to complete a supplemental environmental project, costing approximately \$300,000, to construct a boat ramp that will aid emergency-response efforts in the vicinity of the oil spill.
- On August 12, 2008, EPA and the Department of Justice announced a major Clean Air Act (CAA) New Source Review (NSR) settlement agreement with Salt River Project Agricultural Improvement and Power District (SRP), a political subdivision of Arizona. SRP agreed to install pollution controls at an estimated cost of \$400 million and pay a \$950,000 civil penalty in order to resolve CAA violations at the Coronado Generating Station, a coal-fired power plant in St. Johns, Arizona.
- Cotter Corp. pleaded guilty and was sentenced in US District Court for the District of Colorado for its role in the poisoning deaths of migratory birds at its uranium processing facility near Cañon City, Colorado. The corporation pleaded guilty to a misdemeanor violation of the Migratory Bird Treaty in connection with a spill of approximately 4,500 gallons of organic solvent leading to the deaths of approximately 40 geese and ducks in October 21.

- EPA settled with **Exxon Mobil Corporation** for allegedly improperly handling and disposing of polychlorinated biphenyls (PCBs) from an offshore oil and gas platform in the Santa Barbara Channel, off the southern California coast. Between 2002 and 2005, approximately 400 gallons of PCB-contaminated fluid leaked into the channel. Exxon Mobil was fined \$2.64 million for violation of the Toxic Substances Control Act.

Future Plans in Implementing the Agreement

- As part of the EPA's Chemical Assessment and Management Program (ChAMP), EPA announced its intent to update the current Toxic Substances Control Act (TSCA) Inventory of industrial chemicals to more accurately reflect the chemicals in commerce. EPA also plans to develop a program to challenge the US chemical industry to provide health and safety information on inorganic high-production volume (HPV) chemicals.
- Secretary of the Interior Dirk Kempthorne met with Mexican Secretary for Environment and Natural Resources Juan Elvira Quesada to discuss continued cooperation on conservation efforts between the two countries. The officials discussed mutual areas of concern as well as possible future opportunities for cooperation. Among the topics of discussion at the meeting were collaboration between the countries on the management and conservation of migratory birds and wetlands and cooperative efforts of water management in Colorado River Basin.
- EPA Administrator Stephen L. Johnson met with Juan Rafael Elvira Quesada, Mexican Secretary for Environment and Natural Resources and John Baird, Canadian Environment Minister to identify common priorities in developing the new CEC Strategic Plan for 2010–2015. The ministers pledged to continue their focus on environmental results and market-based environmental progress, as they work to identify the new environmental challenges and opportunities that are likely to arise in the coming years for all of North America. The council also formally endorsed continued trilateral cooperation to protect marine biodiversity in North America through the marine protected areas network, and the CEC launched a new partnership to “green the supply chain” in the North American automotive industry.
- At the Border 2012 National Coordinators meeting in Ciudad Juarez, Mexico, the US and Mexico pledged to continue removing millions of abandoned tires, provide additional water and sanitation, promote biodiesel, and reduce greenhouse gas emissions from diesel trucks operating along the border. The two countries signed a Joint Contingency Plan at the conclusion of the meeting, which was hosted by Mexico's *Secretaria de Medio Ambiente y Recursos Naturales* (Semarnat), in collaboration with the EPA and the participation of border states, county and local governments, representatives from US tribes and Mexico indigenous communities, and a broad array of nongovernmental organizations.

Conclusion

Calendar year 2008 was a successful one for the United States in fulfilling our obligations under the North American Agreement on Environmental Cooperation. The accomplishments achieved regarding enforcement actions, increasing environmental levels of protection and taking action to protect the future of our shared environment were 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.

2008 Financial Statements

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Financial statements of

**COMMISSION FOR
ENVIRONMENTAL COOPERATION**

December 31, 2008

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, 2008 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, 2008 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.*¹

April 16, 2009

¹Chartered accountant auditor permit no 15569

COMMISSION FOR ENVIRONMENTAL COOPERATION

Statement of revenue and expenditures

year ended December 31, 2008

(in Canadian dollars)

	2008	2007
	\$	\$
Revenue		
Contribution - Canada (Note 5)	2,992,892	3,958,920
Contribution - Mexico (Note 5)	2,992,891	3,958,920
Contribution - United States (Note 5)	2,992,891	3,958,920
Other revenue	158,523	272,295
	9,137,197	12,149,055
Expenditures		
Expenses related to the work program - Schedule	2,569,647	3,802,126
Expenses related to specific obligations - Schedule	293,468	744,117
Expenses related to the Council meetings - Schedule	93,975	142,720
Expenses related to JPAC meetings - Schedule	290,433	289,579
Expenses related to the Directorate operations	303,828	281,191
Planning and evaluation	16,986	1,627
Public outreach	198,557	265,250
Salaries and employee benefits	3,688,101	3,562,153
Relocation and orientation expenses	110,461	168,335
Office expenses	44,597	55,650
Telecommunications	74,625	74,941
Rent, utilities and office maintenance	744,864	715,665
External administrative support	174,918	208,435
Operating equipment	56,049	62,037
Expenditures related to contingency fund	-	200
Amortization of capital assets	37,378	57,738
Foreign exchange (gain) loss	(1,338,765)	729,285
	7,359,122	11,161,049
Excess of revenue over expenditures	1,778,075	988,006

COMMISSION FOR ENVIRONMENTAL COOPERATION

Statement of changes in capital

year ended December 31, 2008

(in Canadian dollars)

	Invested in capital assets	Restricted for currency fluctuation	Unrestricted	Total	
				2008	2007
	\$	\$	\$	\$	\$
Balance, beginning of year	128,848	518,900	4,627,330	5,275,078	4,287,072
Excess (deficiency) of revenue over expenditures	(37,378)*	(17,900)	1,833,353	1,778,075	988,006
Investment in capital assets, net of financing	16,942	-	(16,942)	-	-
Balance, end of year	108,412	501,000	6,443,741	7,053,153	5,275,078

* Amortization of capital assets

COMMISSION FOR ENVIRONMENTAL COOPERATION

Balance sheet

as at December 31, 2008

(in Canadian dollars)

	2008	2007
	\$	\$
Assets		
Current assets		
Cash and temporary investments, bearing interest at rates varying from 0.85% to 1.55%	5,471,753	5,603,064
Goods and services tax	151,500	528,252
Contributions receivable	3,505,425	1,171,968
Advances to employees	1,941	1,061
Other receivables	8,432	13,108
Prepaid expenses	27,842	44,943
	9,166,893	7,362,396
Capital assets (Note 4)	110,382	140,401
	9,277,275	7,502,797
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,173,723	1,359,956
Deferred contributions (Note 5)	50,000	28,674
Other deferred revenue	54,493	4,556
Employee benefits (Note 6)	631,368	479,155
Current portion of obligations under capital leases (Note 7)	1,970	9,583
	1,911,554	1,881,924
Lease inducements	312,568	343,825
Obligations under capital leases (Note 7)	-	1,970
	2,224,122	2,227,719
Commitments (Note 9)		
Capital		
Invested in capital assets	108,412	128,848
Restricted for currency fluctuation	501,000	518,900
Unrestricted	6,443,741	4,627,330
	7,053,153	5,275,078
	9,277,275	7,502,797

Approved by the Council

..... Canada

..... Mexico

..... United States

COMMISSION FOR ENVIRONMENTAL COOPERATION

Statement of cash flows

year ended December 31, 2008

(in Canadian dollars)

	2008	2007
	\$	\$
Operating activities		
Excess of revenue over expenditures	1,778,075	988,006
Adjustments for:		
Amortization of capital assets	37,378	57,738
Amortization of lease inducements	(31,257)	(31,257)
Deferred contributions	21,326	(1,886,760)
Unrealized foreign exchange (gain) loss	(1,256,041)	257,340
	549,481	(614,933)
Change in non-cash operating working capital items (Note 8)	1,919,891	(1,181,781)
	(1,370,410)	(1,796,714)
Investing activities		
Acquisition of capital assets	(7,359)	(8,337)
Financing activities		
Repayment of obligations under capital leases	(9,583)	(14,991)
Effect of foreign exchange on cash and cash equivalents	1,256,041	(257,340)
Decrease in cash and cash equivalents	(131,311)	(2,077,382)
Cash and cash equivalents, beginning of year	5,603,064	7,680,446
Cash and cash equivalents, end of year	5,471,753	5,603,064

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2008

(in Canadian dollars)

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

Capital disclosures

The Commission adopted the recommendations of Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, Capital Disclosures. This Section requires the disclosure of information about externally imposed capital requirements. The adoption of this Section had no impact on the financial statements.

Future accounting changes

In November 2008, the CICA issued amendments to Section 4400, Financial statement presentation by not-for-profit organizations. The new standards will be applicable to annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Commission will adopt the new standards as of January 1, 2009.

Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions.

The Commission is currently evaluating the impact of the adoption of these new Sections on its financial statements.

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2008

(in Canadian dollars)

3. Accounting policies

The Commission has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply the following Sections of the CICA Handbook: 3862 and 3863, which would otherwise have applied to the financial statements of the Commission for the year ended December 31, 2008. The Commission applies the requirements of Section 3861 of the CICA Handbook.

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, 2008

(in Canadian dollars)

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, 2008

(in Canadian dollars)

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, 2008

(in Canadian dollars)

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.

4. Capital assets

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	364,126	349,720	14,406	24,912
Software	119,965	113,351	6,614	2,614
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	63,777	-	9,725
Leasehold improvements	248,291	158,929	89,362	103,150
	<u>1,465,779</u>	<u>1,355,397</u>	<u>110,382</u>	<u>140,401</u>

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2008

(in Canadian dollars)

5. Deferred contributions

	<u>Canada</u>	<u>Mexico</u>	<u>United States</u>	<u>Total</u>
	\$	\$	\$	\$
Balance, beginning of year	9,558	9,558	9,558	28,674
Contributions committed	3,000,000	3,000,000	3,000,000	9,000,000
Contributions transferred to revenue	(2,992,892)	(2,992,891)	(2,992,891)	(8,978,674)
Balance, end of year	16,666	16,667	16,667	50,000

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.

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:

	\$
2009	2,019
Less: amount representing interest charges	49
	1,970
Less: current portion	1,970
Balance	-

Interest has been calculated at a rate of 10%.

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2008

(in Canadian dollars)

8. Changes in non-cash operating working capital items

	<u>2008</u>	<u>2007</u>
	\$	\$
Goods and services tax	376,752	(364,111)
Contributions receivable	(2,333,457)	(1,171,968)
Advances to employees	(880)	1,387
Other receivables	4,676	31,865
Prepaid expenses	17,101	4,127
Accounts payable and accrued liabilities	(186,233)	610,731
Other deferred revenue	49,937	(7,225)
Employee benefits	152,213	(286,587)
	<u>(1,919,891)</u>	<u>(1,181,781)</u>

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:

	\$
2009	414,419
2010	414,419
2011	409,530
2012	407,901
2013	407,901
2014 and thereafter	2,457,865
	<u>4,512,035</u>

- b) The Commission has commitments of \$50,000 related to environmental projects.

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2008

(in Canadian dollars)

10. Financial instruments

Currency risk

The Commission realizes 70% of its revenue and approximately 21% 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>2008</u>	<u>2007</u>
	\$	\$
U.S. dollars:		
Cash and temporary investments	4,673,776	3,350,930
Accounts receivable	1,224,600	1,171,968
Accounts payable and accrued liabilities	597,376	415,416

Fair value

The fair values of contributions receivable, advances to employees, other receivables and accounts payable and accrued liabilities is approximately equal to their carrying values due to their short-term maturities.

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

**COMMISSION FOR ENVIRONMENTAL
COOPERATION**

Schedule

**Expenses related to the work program, specific obligations
under the NAAEC, council meetings, joint public advisory
committee (JPAC) meetings**
year ended December 31, 2008
(in Canadian dollars)

	2008	2007
	\$	\$
Work program		
Professional fees	1,026,013	2,678,430
Travel, accommodation and meeting expenses	1,275,953	834,422
Publications	207,618	215,822
Office expenses	60,063	73,452
	2,569,647	3,802,126
Specific obligations under the North American Agreement on Environmental Cooperation		
Professional fees	89,416	375,013
Travel, accommodation and meeting expenses	49,377	158,644
Publication	116,554	167,300
Office expenses	38,121	43,160
	293,468	744,117
Council meetings		
Travel, accommodation and meeting expenses	71,088	123,923
Publications	20,309	15,404
Office expenses	2,578	3,393
	93,975	142,720
Joint Public Advisory Committee (JPAC) meetings		
Travel, accommodation and meeting expenses	258,635	265,374
Publications	16,477	12,470
Office expenses	5,279	6,559
Professional fees	10,042	5,176
	290,433	289,579