

A14/SEM-09-002/117/STC DISTRIBUTION: General ORIGINAL: English

29 January 2014

Mr. Dan McDougall
Alternate Representative Chair
Assistant Deputy Minister, International Affairs
Environment Canada
15-1540, 200 Sacré-Coeur
Fontaine Building
Gatineau, Quebec
K1A 0H3

Dear Mr. McDougall,

Thank you for your letter on behalf of Council dated 15 November 2013 ("your letter"), received by e-mail on the same day, wherein you express, *inter alia*, "concern that the SEM Guidelines are not being applied consistently throughout the Notification", and inform the Secretariat that "Council is postponing its vote on the preparation of a factual record [...] until it receives a revised notification from the Secretariat" regarding submission SEM-09-002 (*Wetlands in Manzanillo*).

After careful consideration of your letter and the Secretariat's obligations under Articles 14 and 15, it does not appear that there is a provision in the North American Agreement on Environmental Cooperation ("NAAEC", or the "Agreement") for the Secretariat to now revise its 19 August 2013 Notification (the "Notification"), regardless of how the Guidelines were applied. The Secretariat followed the letter of Article 15(1) in preparing and issuing its Notification, having considered the submission in light of the Party response, and having provided Council with ample reasoning as to why it considers that a factual record is warranted with respect to the *Wetlands in Manzanillo* submission. No further step under the Agreement is contemplated after the Secretariat's provision of a Notification to Council in accordance with Article 15(1), and before the Council's subsequent vote under Article 15(2). Your letter's request for a "new 15(1) Notification" pursuant to Guideline 10.1 and Article 10, would seem to require a modification or amendment of Article 15 to create such new step in the SEM process. Guideline 18.1 states however that the Guidelines themselves merely "describe the manner in which the submissions on enforcement matters process is intended to be implemented", and that they "do not modify the Agreement".



The foregoing notwithstanding, the Secretariat wishes to facilitate Council's prompt vote under Article 15(2), and sets out in following how and why both the old and new Guidelines were referred to in the Notification.

First, the Secretariat did not apply the Guidelines, old or new, in any way that was central to the substance of its reasoning that a factual record is warranted with respect to the *Wetlands in Manzanillo* submission. Rather, the Secretariat followed the letter of Article 15(1) in preparing its Notification, in line with longstanding practice. The language of Article 15(1) leaves the Secretariat broad discretion to determine the form and content of its Notification to Council, and this discretion was applied where references to the Guidelines were included in the Notification.

Second, the submission itself was filed on 4 February 2009, and Mexico's response was filed on 11 October 2010. When Mexico cited to a Guideline in its response, the Secretariat in its Notification consequently referred to the contemporaneous text of that Guideline, as the Secretariat stated in paragraph 81 of the Notification. The Guidelines in effect for the submission and response (the old Guidelines) were the only Guidelines that the Secretariat *could* consider with respect to this submission, by operation of Article 15(1). As noted above, the Secretariat is obliged to consider the submission in light of the response, and both of those documents were drafted under the "old" Guidelines. Although the new Guidelines were adopted while the Secretariat was still processing its Article 15(1) Notification, it did not appear to be feasible, fair to the Party and submitter, or in accordance with rules of due process, to re-open the submission and response, and somehow retroactively apply the new Guidelines to earlier stages of the process that had already concluded. Thus the Secretariat continued in the Notification to refer generally to the Guidelines that were applicable at the time of the submission and response.

There is only one reference to any particular new Guideline in the body of the Notification; that in paragraph 109. However, the Secretariat was not "applying" a new Guideline in paragraph 109. The reference to new Guideline 9.5 in paragraph 109 was also not central to the Secretariat's reasoning that a factual record is warranted. Rather, as the Secretariat made clear in footnote 182 of the Notification, the Secretariat was following long-established practice, predating the new Guidelines, in arriving at its determination. The reference to new Guideline 9.5 in paragraph 109 thus did not result in an inconsistent application of the old and new Guidelines, as it was not an application *per se* of the new Guideline in question. Likewise, the Secretariat's reference in passing to the "revised Guidelines" generally in paragraph 137 was not central to the Secretariat's reasoning that a factual record is warranted.

Your letter on the one hand states that the new Guidelines apply *in toto* to all active submissions, yet, on the other it states that Guideline 19.3 would not apply to the *Wetlands in Manzanillo* submission, because the Guidelines "were modified while the Secretariat was preparing the Notification". No further legal or procedural explanation of how and which new Guidelines should be applied retroactively to active submissions (and responses) which were filed under the old Guidelines, is provided.



In order to obtain further guidance concerning any retroactive application of the new Guidelines, whether in whole or in part, to submissions and other documents filed under the old Guidelines, I propose that Secretariat staff discuss the legal and procedural matters your letter raises, together with Party representatives at an appropriate time in the near future.

The Secretariat hopes in any event that the additional reasoning provided in this letter will now facilitate Council's prompt Article 15(2) vote on the Secretariat's Article 15(1) Notification. A table is enclosed with this letter providing additional information about how the Guidelines were referred to in the Notification.

Sincerely,

Secretariat of the Commission for Environmental Cooperation

Irasema Coronado, Ph.D.

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Executive Director

Enc: Table of references to the Guidelines

cc: Mr. Enrique Lendo, Alternate Representative for Mexico

Ms. Jane Nishida, Acting Alternate Representative for the United States

Old Guidelines	Current Guidelines	References to the Guidelines in the Wetlands in Manzanillo Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
6.2 After receipt of such notification from the Secretariat, the Submitter will have 30 days to provide the Secretariat with a submission that conforms to the criteria of article 14(1) of the Agreement and to the requirements set out in these guidelines	6.2 After receipt of such notification from the Secretariat, the Submitter will have 30 days to provide 60 working days to provide the Secretariat with a submission that conforms to the criteria of Article 14(1) of the Agreement and to the requirements set out in these guidelines.	¶6. []On the basis of section 6.2 of the Guidelines for Submissions on Enforcement Matters under Articles 14 and 15 of the North American Agreement on Environmental <i>Cooperation</i> (the " Guidelines "), the Secretariat notified the Submitters that they had 30 days to revise their submission. ¹ []	No substantive effect.
10.1 If the Secretariat considers that the submission, in light of any response provided by the Party or after the response period has expired, warrants developing a factual record, the Secretariat will so inform the Council. When the Secretariat informs the Council that it considers that a factual record is warranted, the Secretariat will provide sufficient explanation of its reasoning to allow the Council to make an informed decision. []	10.1 If the Secretariat considers that the submission, in light of any response provided by the Party or after the response period has expired, warrants developing a factual record, the Secretariat will so inform the Council. When the Secretariat informs the Council that it considers that a factual record is warranted, the Secretariat will provide sufficient explanation of its reasoning to allow the Council to make an informed decision. The Secretariat will provide its recommendation and reasoning in all three official languages of the Commission.[]	¶8. [] In this notification, and in accordance with section 10.1 of the Guidelines, the Secretariat explains below the reasons for its recommendation.	No substantive effect.
Idem.	Idem.	¶61. In accordance with NAAEC Article 15(1) and section 10.1 of the Guidelines, the Secretariat proceeds to state its reasons for recommending to the Council the preparation of a factual record, []	No substantive effect. The reasoning requirement being followed is that in Article 15(1), and old GL merely 10.1 reiterates that.

¹ SEM-09-002 (Wetlands in Manzanillo) Determination pursuant to Article 14(1) (9 October 2009), http://goo.gl/5cPzU (viewed on 19 August 2013) [Article 14(1) Determination].

Old Guidelines	Current Guidelines	References to the Guidelines in the Wetlands in Manzanillo Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
No specific Guideline quoted here		¶76. Bearing in mind the foregoing considerations, the Secretariat analyzed the supporting information in the submission and found that it met the requirements of NAAEC Article 14(1)(c), and the relevant Guidelines.	No substantive effect.
9.4 If the Party informs the Secretariat that the matter raised in the submission is the subject of a pending judicial or administrative proceeding, as defined in Article 45(3) of the Agreement, the Secretariat will proceed no further with the submission, and will notify the Submitter and the Council of its reason(s) and that the submission process is terminated.	9.4 If the Party informs the Secretariat that the matter raised in the submission is the subject of a pending judicial or administrative proceeding, as defined in Article 45(3) of the Agreement, the Secretariat will proceed no further with the submission, and will notify the Submitter and the Council of its reason(s) and that the submission process is terminated. In its response that it is not failing to "effectively enforce its environmental law" pursuant to Article 45(1)(a) or (b), the Party response should provide sufficient information to explain how the Party's action or inaction: (a) reflects a reasonable exercise of discretion in respect of investigatory, prosecutorial, regulatory or compliance matters; or (b) results from bona fide decisions to allocate resources to enforcement in respect of other environmental matters determined to have higher priorities.	¶81. Section 9.4 of the Guidelines in effect at the time of the submission and which apply to this notification, obligate the Secretariat to state its reasons when considering the alleged existence of pending proceedings. []	No substantive effect. The Secretariat provided its reasons in conformity with its longstanding practice to provide reasons. Reference to the Guideline was proforma.

Old Guidelines	Current Guidelines	References to the Guidelines in the Wetlands in Manzanillo Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
17.2 The Secretariat will safeguard from disclosure any information provided by the Council or a Party and designated as confidential.	17.2 The Secretariat will safeguard from disclosure any information provided by the Council or a Party and designated as confidential.	¶81. [] Mexico classified the information relating to the pending proceedings as confidential, in accordance with Article 39(2) of the Agreement and section 17.2 of the Guidelines. Therefore, and insofar as possible, in this notification the Secretariat provides for the public and for the other NAAEC Parties, its reasoning with respect to the pending proceedings of which Mexico gave notice, taking care not to reveal information classified as confidential.	No substantive effect. The Secretariat primarily safeguarded the information pursuant to Article 39(2) of the Agreement. GL 17.2 merely reiterates the obligation in Article 39(2).
17.3 Given the fact that confidential or proprietary information provided by a Party, a non-governmental organization or a person may substantially contribute to the opinion of the Secretariat that a factual record is, or is not, warranted, contributors are encouraged to furnish a summary of such information or a general explanation of why the information is considered confidential or proprietary.	17.3 Given the fact that confidential or proprietary information provided by a Party, a non-governmental organization or a person may substantially contribute to the opinion of the Secretariat that a factual record is, or is not, warranted, contributors are encouraged to furnish a summary of such information or a general explanation of why the information is considered confidential or proprietary.	¶82. Guided by the transparency objectives of the Agreement, which are also given expression in Article 14,² the Secretariat recalls that section 17.3 of the Guidelines³ invites the Parties to provide a summary of confidential information []	No substantive effect.

² NAAEC, Article 1(h): "The objectives of this Agreement are to: ... promote transparency and public participation in the development of environmental laws, regulations and policies;"

³ Guidelines, paragraph 17.3:

Given the fact that confidential or proprietary information provided by a Party ... may substantially contribute to the opinion of the Secretariat that a factual record is, or is not, warranted, contributors are encouraged to furnish a summary of such information...

See Guideline 10.1 above See Guideline 10.1 above See Guideline 10.1 above \$\begin{array}{cccccccccccccccccccccccccccccccccccc	Old Guidelines	Current Guidelines	References to the Guidelines in the Wetlands in Manzanillo Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
	See Guideline 10.1 above	See Guideline 10.1 above	section 10.1 of the Guidelines, the Secretariat presents in following an explanation of its reasoning as to why submission SEM-09-002 warrants the preparation of a	

⁴ Guidelines, paragraph 10.1:

If the Secretariat considers that the submission, in light of any response provided by the Party or after the response period has expired, warrants developing a factual record, the Secretariat will so inform the Council. When the Secretariat informs the Council that it considers that a factual record is warranted, the Secretariat will provide sufficient explanation of its reasoning to allow the Council to make an informed decision. In addition, it will provide a copy of the submission, the supporting information provided with the submission, and any other relevant information, when these items have not been provided to the Council may request further explanation of the Secretariat's reasons, which the Council will receive prior to taking its decision under Article 15(2) of the Agreement concerning whether or not a factual record will be prepared. [Emphasis added].

Old Guidelines	Current Guidelines	References to the Guidelines in the <i>Wetlands in Manzanillo</i> Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
9.5 Upon receipt of a response from the Party or following the expiration of the response period, the Secretariat may begin its consideration of whether it will inform the Council that the submission warrants developing a factual record.	9.5 Upon receipt of a response from the Party or following the expiration of the response period, the Secretariat may begin its consideration of whether it will inform the Council that the submission warrants developing a factual record. When the Party, pursuant to section 9.4 of these guidelines, informs the Secretariat in its response that its actions or inactions do not constitute a failure to "effectively enforce its environmental law," as provided for under Article 45(1), the Secretariat is to consider whether the Party has included sufficient information. If the Secretariat considers that the Party response does not provide sufficient information, the Secretariat may determine that the submission warrants the development of a factual record with respect to the relevant matter(s).	¶109. The Secretariat has noted that factual records are an adequate means for presenting information to allow the public to reach its own conclusions as to whether a Party has exercised its discretion in a reasonable manner and thus has, or has not, failed to effectively enforce its environmental law, but has refrained from applying Article 45(1) to make such a determination. The newly revised Guidelines provide a solution to the conundrum of the Secretariat's having to draw a conclusion about the substance of a Party's invocation of Article 45(1). Guideline 9.5 now provides that the Secretariat must merely focus on whether the Party has provided "sufficient information" in its response. In the instant case, the Secretariat has determined that the response did not provide sufficient information in regard to the Party's statement that its actions do not constitute a failure to effectively enforce environmental law.	No substantive effect. The Secretariat based its reasoning here on practice dating back to 1999, rather than new GL 9.5.

⁵ In SEM-09-005 (*Skeena River Fishery*) Notification pursuant to Article 15(1) (12 August 2011) p. 14, http://goo.gl/pEkiu (viewed on 20 June 2013), the Secretariat did not opine on arguments raised by the Party that it had made "good-faith" enforcement efforts pursuant to Article 45(1), rather focused only on the probative value of information provided. Likewise, in SEM-99-002 (*Migratory Birds*), Notification pursuant to Article 15(1) (15 December 2000), p. 26, http://goo.gl/dWkuj (viewed on 19 August 2013), the Secretariat stated "If the Secretariat were obliged to accept at face value every assertion by a Party that it is not failing to effectively enforce its environmental laws because it qualifies for one of the Article 45(1) defenses, a Party could unilaterally force the termination of every single citizen submission simply by asserting such a defense. The effect would be the nullification of the opportunities nominally afforded by Articles 14 and 15 for citizen participation in the environmental enforcement process. Such a result would seriously undermine the utility of the submission process in promoting the Agreement's other goals, including fostering the protection and improvement of the environment in the territories of the Parties and enhancing compliance with and enforcement of environmental laws." *See also* SEM-97-006 (*Oldman River II*), Notification pursuant to Article 15(1) (19 July 1999), p. 22, http://goo.gl/b5D4k (viewed on 19 August 2013).

Old Guidelines	Current Guidelines	References to the Guidelines in the Wetlands in Manzanillo Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
5.2 The Submitter must identify the applicable statute or regulation, or provision thereof, as defined in Article 45(2) of the Agreement. In the case of the General Ecological Equilibrium and Environmental Protection Law of Mexico, the Submitter must identify the applicable chapter or provision of the Law.	5.2 The Submitter must identify the applicable statute or regulation, or provision thereof, as defined in Article 45(2) of the Agreement. In the case of the General Ecological Equilibrium and Environmental Protection Law of Mexico, the Submitter must identify the applicable chapter or provision of the Law.	¶131. Guideline 5.2 , in force at the time of the submission, required the Submitters to "identify the applicable statute or regulation, or provision thereof." []	No substantive effect.
6.1 Where the Secretariat determines that a submission does not meet the criteria set out in Article 14(1) of the Agreement or any other requirement set out in these guidelines, with the exception of minor errors of form contemplated in section 3.10 of these guidelines, the Secretariat will promptly notify the Submitter of the reason(s) why it has determined not to consider the submission.	6.1 Where the Secretariat determines that a submission does not meet the criteria set out in Article 14(1) of the Agreement or any other requirement set out in these guidelines, with the exception of minor errors of form contemplated in section 3.10 of these guidelines, the Secretariat will promptly notify the Submitter of the reason(s) why it has determined not to consider the submission.	¶132. In principle, citizen submissions "should be processed in a timely and efficient manner in order to meet the public's expectations regarding the process." The Secretariat finds that the reference to the final paragraph of LADSEC Article 1 is unequivocal. In further consideration of this —and consistent with transparency and public participation principles in NAAEC—8 Guideline 6.1 does not authorize the Secretariat to terminate a submission based solely on a minor error of form.	The reference to the Guideline was not central to this part of the reasoning, and in any event, the old and new Guideline 6.1 are identical.
No specific Guideline quoted	No specific Guideline quoted	¶137. The Parties to the NAAEC have stated on numerous occasions that the SEM process is non-adversarial, most recently in the revised Guidelines, and thus a submitter need not be, nor consult with a lawyer in order to make a citizen submission. ⁹	No substantive effect.

⁶ Council Resolution 01–06 (29 June 2001), Response to the Joint Public Advisory Committee (JPAC) Report on Lessons Learned regarding the Articles 14 and 15 Process.

⁷ NAAEC Article 1: "The objectives of this Agreement are to: … (h) promote transparency and public participation in the development of environmental laws, regulations and policies".

⁸ NAAEC, Preamble: "EMPHASIZING the importance of public participation in conserving, protecting and enhancing the environment;..." [emphasis in original].

⁹ "As a fact-finding, non-adversarial procedure, the SEM process is not a dispute resolution mechanism nor can it result in a Party being required to take specific remedial action. Although filing a public submission does not require any special expertise, submissions should include an accurate and clear presentation of the relevant facts." Introduction to the Guidelines issued on 11 July 2012.

Old Guidelines	Current Guidelines	References to the Guidelines in the <i>Wetlands in Manzanillo</i> Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
No specific Guideline quoted No		¶139. It is evident from a perusal of the original submission and its revised version that the reference to the last paragraph of LADSEC Article 1 was unequivocal. The Secretariat confirms that the citation of the provision in question conforms to the criteria of NAAEC and the Guidelines and may be considered further in a factual record.	No substantive effect.

Old Guidelines	Current Guidelines	References to the Guidelines in the Wetlands in Manzanillo Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
9.6 If the Secretariat considers that the submission, in light of any response provided by the Party, does not warrant development of a factual record, the Secretariat will notify the Submitter and the Council of its reason(s) in accordance with section 7.2 of these guidelines, and that the submission process is terminated with respect to that submission.	9.6 If the Secretariat considers that the submission, in light of any response provided by the Party, does not warrant development of a factual record, the Secretariat will notify the Submitter and the Council of its reason(s) in accordance with section 7.2 of these guidelines, and that the submission process is terminated with respect to that submission. If, in its response under Article 14(3), the Party informs the Secretariat and explains in writing that the matter raised in the submission is the subject of a pending judicial or administrative proceeding, as defined in Article 45(3) of the Agreement, the Secretariat will proceed no further with the submission and will promptly notify the Submitter and the Council, in writing, that the submission process is terminated without prejudice to the Submitter's ability to file a new submission. If the Party informs and provides the written explanation at any other point in the submission process prior to a Council instruction that a factual record be prepared, the Secretariat should consider terminating the process to avoid the potential for duplication or interference [] the Council to prepare a factual record, the Secretariat is to proceed with the factual record unless Council directs otherwise.	¶178. In light of the content of the EIS-LPG and its additional information, the AIA-LPG, and Mexico's response, and considering that the Submitters assert the lack of a "serious, realistic description" of the possible impacts on the environment and the elements making up "said ecosystems," and given the lack of specificity about which elements allegedly were not considered in the environmental impact prevention and mitigation measures for the project, the Secretariat finds that the assertion concerning a failure to effectively enforce the first paragraph of LGEEPA Article 30 in relation to the Manzanillo LPG Project, does not warrant the preparation of a factual record. Pursuant to NAAEC Article 15(1) and section 9.6 of the Guidelines, the Secretariat therefore does not recommend the preparation of a factual record in regard to this assertion.	The reasoning provided here is primarily based on Article 15(1) and the Secretariat's longstanding practice. Old GL 9.6 merely provided administrative guidance.

¹⁰ Revised submission, p. 7. 11 *Ibid*.

Old Guidelines	Current Guidelines	References to the Guidelines in the Wetlands in Manzanillo Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
See Guideline 17.2 above	See Guideline 17.2 above	¶240. Mexico classifies the information in the aforementioned response relating to the alleged failure to effectively enforce REIA Article 47 in respect of compliance with the conditions imposed in the AIA-LNG as confidential. Pursuant to section 17.2 of the Guidelines, this notification to Council includes only Mexico's assertion, that DGIRA has assessed compliance with the terms and conditions of the AIA-LNG on an ongoing basis. ¹³	Old GL 17.2 reiterates the prevailing obligation in Article 39(2).
See Guideline 17.3 above	See Guideline 17.3 above	FN. 152 Guidelines, paragraph 17.3: Given the fact that confidential or proprietary information provided by a Party may substantially contribute to the opinion of the Secretariat that a factual record is, or is not, warranted, contributors are encouraged to furnish a summary of such information	No substantive effect. This is a reproduction of the Guideline text for ease of reference.

¹² Director of the Legal Affairs Coordinating Unit of Semarnat, Doc. no. 112/00004537 (14 October 2010). ¹³ Response, (confidential version), p. 78.

Old Guidelines	Current Guidelines	References to the Guidelines in the <i>Wetlands in Manzanillo</i> Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
See Guideline 10.1 above	See Guideline 10.1 above	FN 172. Guidelines, paragraph 10.1: If the Secretariat considers that the submission, in light of any response provided by the Party or after the response period has expired, warrants developing a factual record, the Secretariat will so inform the Council. When the Secretariat informs the Council that it considers that a factual record is warranted, the Secretariat will provide sufficient explanation of its reasoning to allow the Council to make an informed decision. In addition, it will provide a copy of the submission, the supporting information provided with the submission, and any other relevant information, when these items have not been provided to the Council. The Council may request further explanation of the Secretariat's reasons, which the Council will receive prior to taking its decision under Article 15(2) of the Agreement concerning whether or not a factual record will be prepared. [Emphasis added].	No substantive effect. This is a reproduction of the Guideline text for ease of reference.
12.2 The final factual record will incorporate, as appropriate, the comments of any Party. If a Party so desires, its comments on the draft factual record will be posted on the registry referred to in section 15 of these guidelines.	12.2 Draft and final factual records are to provide an objective presentation of the facts relevant to the matter(s) raised in a submission. Where draft and final factual records contain information collected pursuant to Article 15(4), they are to include proper citation for all such information.	FN. 179 See Guideline 12.2 Regarding the Council's admonitions see for example: SEM-04-007 (<i>Quebec Automobiles</i>) Council Resolution 06-07 (14 June 2006) which reads: []	No substantive effect.

Old Guidelines	Current Guidelines	References to the Guidelines in the Wetlands in Manzanillo Article 15(1) Notification	Effect of reference to the Guidelines on the reasoning in the Notification
No specific Guideline quoted	No specific Guideline quoted	FN. 225 "As a fact-finding, non-adversarial procedure, the SEM process is not a dispute resolution mechanism nor can it result in a Party being required to take specific remedial action. Although filing a public submission does not require any special expertise, submissions should include an accurate and clear presentation of the relevant facts." Introduction to the Guidelines issued on 11 July 2012.	No substantive effect.
No specific Guideline quoted	No specific Guideline quoted	FN. 436. Council Resolution 12-06 Adoption of revised Guidelines for Submissions on Enforcement Matters under Articles 14 and 15 of the North American Agreement on Environmental Cooperation (11 July 2012).	No substantive effect.