

Annual Report 2005

**Commission for
Environmental Cooperation**
of North America



Mission

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

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CEC Ministerial Statement

Twelfth Regular Session of the CEC Council

Quebec, Canada, 22 June 2005—We, the environment ministers of Canada, Mexico and the United States, members of the Council of the Commission for Environmental Cooperation (CEC or “the Commission”) met for our annual Regular Session on 22 June 2005.

At last year’s session in Puebla, on the occasion of the Commission’s tenth anniversary, we met to review our progress, re-affirm our commitment to the CEC, and set directions for the future. Over the past year we have worked in a manner consistent with the 2004 Puebla Declaration, which describes our new priorities, a new path forward, and a new way of accomplishing our goals. We have also taken into account the recommendations of the Ten-year Review and Assessment Committee, the Joint Public Advisory Committee (JPAC), and key stakeholders.

As set forth in the Puebla Declaration, our priorities for cooperation in the coming years are: the development of *Information for Decision Making*, support for *Capacity Building*, and ongoing work to address *Trade and Environment* issues more effectively in order to promote environmental protection and sustainability.

To advance our agenda, we are pleased to adopt our five-year Strategic Plan that strives to build on our strengths and the unique nature of the CEC. It describes how we intend to work together to protect the environment in North America, to promote and facilitate cooperation among our three countries, and to provide tools and information to enable citizens, governments and industry alike to protect our shared environment.

The Strategic Plan 2005–2010 sets specific goals and objectives for each of our new priorities. To accomplish them, the CEC has launched a series of cooperative initiatives that build on our experience and that are designed to produce visible and concrete results. We commit ourselves to the effective oversight of this strategic plan and to ensuring that our science and information products are of high quality. Along with this agenda for cooperation, we note the important work that the Secretariat undertakes pursuant to Articles 13, 14 and 15 of the North American Agreement on Environmental Cooperation (NAAEC).

Information for Decision Making

In this session, we have endorsed a suite of initiatives that will enable our governments and others, in both the public and private sectors, to make better-informed decisions on environmental concerns. Our goal is to develop and share a description of North America using environmental information that is integrated, comparable, and of consistent high quality. Our immediate focus is to enhance the quality and comparability of North American air quality information. Over time our efforts will expand to refine the portrayal of some common North American issues, including invasive species, toxic substances and wildlife conservation.

Capacity Building

Our goal is to strengthen capacities in our three countries to manage environmental issues of common concern by sharing what each of us does best, so as to improve our ability to make progress together faster. We have committed to improving, over the next five years, our abilities to assess and manage chemicals of concern, undertake pollution prevention, participate in biodiversity conservation, and develop effective environmental management programs. The CEC will focus initial efforts on Mexico, where the opportunity is greatest. In particular, we discussed approaches to work with the private sector, to improve competitiveness and environmental performance through an innovative partnership to integrate environmental management.

Trade and Environment

Promoting a better understanding of trade and environment relationships is central to the CEC’s mission. The Strategic Plan will help us increase our capacity to identify and address trade-related environmental concerns, enhance the relationship between the CEC and the NAFTA Free Trade Commission (FTC) and bring more focus to the work of the CEC.

Our goal is to promote policies and actions that provide mutual benefits for North America and we endorsed several initiatives to accomplish this over the next five years. These include: improving our capacity to assess NAFTA's environmental effects; establishing key elements to enhance markets for renewable energy; developing tools and practical approaches to foster green purchasing; developing a North American approach to reduce the cost and harm caused by invasive alien species; and improving enforcement of environmental laws, particularly at our borders.

Expanding Partnerships for Environmental Stewardship

Our session was enriched by open discussion and exchange of ideas with members of the general public from each of our countries. We received the benefit of advice from the members of JPAC. We thank them for their dedication and ongoing effort to help us keep public engagement at the heart of our operations.

We also had the privilege of meeting with business leaders from each of our three countries. The Council has reached an agreement to work to increase the contribution of the private sector and other stakeholders in Canada, Mexico and the United States in the implementation of the initiatives we have endorsed to accomplish our strategic goals.

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 Stéphane Dion, Mexican Secretary for Environment and Natural Resources, Alberto Cárdenas Jiménez and US Environmental Protection Agency Administrator Stephen L. Johnson. The Joint Public Advisory Committee (JPAC) is a 15-member, independent, volunteer body that provides advice and public input to Council on any matter within the scope of NAAEC.

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

Cooperative Achievements

2005: Beginning a New Vision for the CEC

1. Introduction

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

The present report provides an overview of activities in 2005 under the cooperative work program as well as in the Submissions on Enforcement Matters (SEM) Unit. The report also covers JPAC activities. Up-to-date information regarding CEC activities is available online at <http://www.cec.org>.

As a beginning for the CEC's second decade of existence, at its June 2004 Regular Session the CEC Council signed the Puebla Declaration, setting forth the Parties' vision for the future of the CEC. Taking the Puebla Declaration as a mandate, four institutional attributes were identified in planning the work program for 2005 and beyond, defining the CEC as:

- A catalyst for action by the NAFTA partners
- A forum to facilitate regional action on commonly agreed global commitments
- A producer of concrete results
- A provider of scientifically rigorous information

To implement this vision, the CEC developed a five-year strategic plan for 2005–2010 and structured the plan around three broad priorities: information for decision-making, capacity building, and trade and the environment. To advance these priorities, Canada, Mexico and the United States embraced specific five-year goals and objectives, and formulated long-term cooperative initiatives to meet those goals and objectives. These initiatives comprised a focused, integrated and coherent effort to produce visible and concrete results, emphasizing capacity building and quality assurance.

At the 12th Regular Session of CEC Council, held in Quebec City in June, the Council members voted to direct the Secretariat to facilitate cooperation between the Parties and the private sector and other stakeholders, as directed by the Parties, with the purpose of increasing their involvement in activities related to implementation of the cooperative work program. During 2005, the Secretariat completed several activities within the CEC's "current projects" and worked on realigning the cooperative work program into a series of "new projects" that support the three broad priorities chosen by the Council for the next five years: information for decision-making; capacity-building; and trade and the environment. In August, the Secretariat notified the Council that it wished to prepare an independent report under Article 13 of the NAAEC, providing case studies on transboundary environmental impact assessment. Under Article 13(1) of the NAAEC, the Council objected to the preparation of the report by a unanimous vote. In late 2005, the Secretariat prepared to announce the initiation of an Article 13 report on a different topic. In 2005, the Council did not vote on funding or approve a budget and operational plan for the CEC for the coming year.

Goal	Objectives	Initiatives
<i>Information for decision-making</i> —Support better decision-making by providing information on the key environmental challenges and opportunities facing North America	<ul style="list-style-type: none"> • Strengthen the capacity of North American decision-makers to understand continental environmental issues of common concern. • Establish an environmental information and knowledge framework for North America. • Develop the information needed to describe the state of the North American environment and to identify emerging trends and issues. • Make environmental information more widely available to facilitate local, national and regional action. 	<p>Facilitate data collection efforts.</p> <p>Improve the quality and comparability of trilateral datasets.</p> <p>Present harmonized information on North American environmental issues.</p>
<i>Capacity building</i> —Strengthen the capacities of the three countries to manage environmental issues of common concern.	<p>Strengthen capacity to improve compliance with wildlife laws.</p> <p>Improve private sector environmental performance through model environmental compliance approaches.</p> <p>Strengthen capacities to conserve species and habitat of common concern by, among others, creating capacity building for planning, monitoring and management, with the participation of all relevant stakeholders.</p> <p>Strengthen the Parties' abilities to assess and manage chemicals of concern.</p>	<p>Training for wildlife enforcement officers and other stakeholders, as appropriate.</p> <p>Promotion of better environmental management in selected industries and regions.</p> <p>Development of processes to secure ecological integrity and promote ecosystem and species management.</p>
<i>Trade and the environment</i> —Promote policies and actions that provide mutual benefits for the environment, trade, and the economy.	<ul style="list-style-type: none"> • Enhance North American trade in green products and services, with a view to improving environmental protection, promoting sustainable use of biodiversity, removing trade barriers and utilizing market-based approaches. • Increase the capacity of the three countries to identify and address trade-related environmental concerns to achieve mutual benefits for trade and the environment and improve collaboration among the three countries in these areas. • Broaden understanding of trade and environment linkages and thereby promote policy coherence, both at the domestic and regional levels in North America. • Improve regional and national coordination, including coordination between the CEC and NAFTA Free Trade Commission through ongoing collaboration of trade and environment officials. 	<ul style="list-style-type: none"> • Continue documenting the environmental effects of trade liberalization in North America; improve the capacity of the CEC and the Parties to analyze and understand NAFTA's environmental effects; and support informal exchanges between the three countries. • Promote the North American renewable energy market. • Promote North American markets for green products and services. • Promote training, compliance assistance and enforcement to facilitate the movement of legal materials while stopping shipments of illegal materials that could present threats to human health or the environment. • Reduce the environmental and economic harm caused by Invasive Alien Species (IAS) through cooperation for their prevention, detection, and eradication. • Promote better use of market-based approaches to support environmental protection, conservation, and the sustainable use of biodiversity.

2. Current Projects

a) Conservation of Biodiversity

In June 2003, following extensive collaboration among governments, nongovernmental organizations and indigenous people, and recognizing the contribution of the public and the CEC's Biodiversity Conservation Working Group, the CEC Council adopted a Strategic Plan for North American Cooperation in the Conservation of Biodiversity, noting this as a landmark of cooperation among their countries to protect their shared environment. To further the goals of the Conservation of Biodiversity Strategic Plan, in 2005, the Secretariat worked to promote: 1) cooperation for the conservation and maintenance of North American regions of ecological significance, 2) conservation of North American migratory and transboundary species and other species, and 3) integrated monitoring and assessment to increase understanding of the state of North American biodiversity. This work produced several important results. The North American Marine Protected Areas Network published a monograph entitled "Marine Priority Conservation Areas: Baja California to the Bering Sea." The CEC assisted in the implementation of a capacity building and exchange program for marine protected area managers and practitioners in the Baja to Bering region, focusing on monitoring, evaluation and information systems for marine protected areas. The Grasslands Ecosystem Network (Grassnet) identified priority conservation areas for North American grasslands. North American Conservation Action Plans were launched for the leatherback sea turtle, humpback whale, pink-footed shearwater, black-tailed prairie dog; ferruginous hawk, and the burrowing owl. Finally, the "Naturamerica" information clearinghouse was established to provide easy access to current information on CEC biodiversity projects as well as cross-linked information on ecoregions, organizations, and species.

b) Children's Health and the Environment – Indicators Report

Following the adoption in 2002 of Council Resolution 02-06 on a Cooperative Agenda for Children's Health and the Environment in North America, the Secretariat initiated the preparation of two reports: one focused on available indicators and measures of children's health and the environment, and the other exploring risks from toxic chemicals to children's health. In August 2005, a draft of the indicators report was released for public comment. In December, the Secretariat organized a session on children's health at the annual conference of the American Public Health Association in Philadelphia and provided an update on both reports.

c) Disclosure of Environmental Information

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

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

d) Environmentally Sound Management of Hazardous Waste

Work continued on developing a North American approach for environmentally sound management (ESM) of hazardous waste and on a feasibility study for a pilot project on electronic tracking of hazardous waste movements among the NAFTA countries. In October, the CEC published its report "Crossing the Border: Opportunities to Improve the Tracking of Hazardous Waste in North America."

Following recognition by the Parties that spent lead acid batteries (SLABs) are a waste stream of mutual concern, the Secretariat finished compiling background material, criteria, and options for strengthening ESM practices, including as regards tracking and transportation of SLABs in the region.

e) Environmental Management Systems

The Secretariat finalized a report on the use of environmental management systems in small and medium-size businesses in Canada, Mexico, and the United States.

3. New Projects

A. Information for Decision Making

a) North American Pollutant Release and Transfer Register

Since 1995, the Secretariat has been working with the national pollutant release and transfer register (PRTR) programs of Canada (National Pollutant Release Inventory), the United States (Toxics Release Inventory), and Mexico (*Registro de Emisiones y Transferencia de Contaminantes*—RETC) to develop a North American profile of pollutant releases and transfers, promote public access to environmental information, and enhance comparability among the national systems. The CEC's annual publication, *Taking Stock*, contains a compilation of information for the industries and chemicals that are common to the national PRTR lists. For most substances, the "matched" data set only covers the United States and Canada. In January 2005, Mexico published a list of chemicals for which reporting will be required beginning with the 2004 reporting year. In May 2005, the CEC published *Taking Stock* for the reporting year 2002. For the first time, the report contained information from all three countries on emissions of so-called "criteria air contaminants." The report showed that overall, North American industrial releases and transfers of chemicals decreased by seven percent from 1995 to 2002. Customized searchable access to the data sets is available through the Secretariat's *Taking Stock Online* website <http://www.cec.org/takingstock>.

To enhance capacity in Mexico to implement its PRTR program, the CEC and the *Secretaría de Medio Ambiente y Recursos Naturales* co-hosted a workshop on the RETC and convened a North American PRTR Consultative Group meeting in Monterrey, Mexico, in October.

The year 2005 saw the official release of Mexico's six-state northern border air emissions inventory during a public event hosted by Mexico's *Secretaría de Medio Ambiente y Recursos Naturales* and *Instituto Nacional de Ecología* (INE) in the border city of Ciudad Juárez, Chihuahua, in June. This was a further step in the CEC's multi-year effort to support development of Mexico's first-ever national air emissions inventory. In November, Mexico released its draft national air emissions inventory for review and comment. The six-state northern border and draft national air emissions inventory reports are available from INE at http://www.ine.gob.mx/dgicurg/cal aire/lineas/inventario_nacional.html.

Other CEC air activities in 2005 included support for the development of the first-ever North American marine air emissions inventory, a compilation of 10-year air quality trends for several air pollutants in key North American cities, and an overview of air monitoring capacity and needs in "clean areas" of North America outside urban centers.

b) Environmental Monitoring and Assessment

The year 2005 also saw the transition of a North American Regional Action Plan (NARAP) into a significant information-gathering and dissemination initiative. Members of the task force charged with overseeing implementation of the Environmental Monitoring and Assessment NARAP were reassigned to a standing committee tasked with assessing the state of environmental and health monitoring in North America. The committee, co-chaired by one expert from each of the countries, is mandated to continue to audit progress and provide oversight for the successful implementation of all NARAPs. The committee will also work towards

the development of protocols and methodologies for consistent, comparable and compatible data development, assimilation and reporting. Work in 2005 included assessing impacts of NARAPs under implementation and monitoring to ensure that targets of closed NARAPs continue to be met. Three subcommittees were struck to ensure data consistency in the major environmental and health compartments measuring ecosystem status. An indicators subcommittee reviewed human health, atmospheric deposition, and terrestrial/ecosystem assessments; a Data Discovery, Access and Integration Subcommittee reviewed data management, including quality control and quality assurance, as well as comparable and compatible sampling protocols and laboratory techniques; and a Synthesis and Assessment Subcommittee was assigned responsibility for closed NARAPs.

In the context of this initiative, the CEC participated in a blood biomonitoring project involving sampling and analyzing blood of first birth mothers in each of the three countries for persistent organic pollutants and some heavy metals using multiple laboratories and comparable and compatible sampling and analysis protocols to ensure consistency. This will assist Mexico in reporting an initial baseline set of data on maternal blood. It is anticipated that these data will provide information for making decisions on priorities and selecting substances for enhanced future monitoring efforts.

B. Capacity Building

a) Institutional Cooperation and Strengthening for Wildlife Enforcement

The purpose of this project is to enhance domestic law enforcement and implementation of international obligations, particularly the Convention on International Trade in Endangered Species of Wild Fauna and Flora. In 2005, the CEC facilitated interagency information exchange and regional priority setting for enhancing wildlife enforcement capacity. Draft guidelines for the repatriation of seized shipments of wildlife species were circulated to wildlife enforcement agencies for review and comment. A protocol was drafted for the exchange of investigative and intelligence information among the North American wildlife enforcement agencies. Information was gathered on wildlife enforcement courses and materials in North America.

b) Sound Management of Chemicals

Council Resolution 95-05, adopted by the Council on 13 October 1995, in Oaxaca, Mexico, created the CEC's Sound Management of Chemicals program. The resolution established a working group composed of senior government officials from the Parties and set out a framework, together with specific commitments, for working together and with the Secretariat in addressing the sound management of persistent, bioaccumulative and toxic chemicals in North America. The working group was instructed to first address the list of persistent organic pollutants included in United Nations Environment Program Governing Council Decision 18/32 of May 1995, as well as "certain heavy metals."

Implementation of Phase II of a NARAP for mercury continued with implementation of a mercury wet deposition monitoring initiative in Mexico. The Secretariat worked with the Parties and the United Nations Environment Program Global Mercury Initiative to undertake a capacity building workshop aimed at reducing exposure to mercury found in products such as electrical switches and pressure-sensing devices. This workshop will include invitees from North, South and Central America. A project to monitor first birth mothers' cord blood in Mexico, Canada and the United States was implemented with financial support from the World Bank. The results are intended to provide a preliminary baseline of contaminant levels in the region from a survey utilizing uniform sampling and analytical methodologies. A decision document was prepared for lead, and the Parties agreed to develop an oversight procedure for monitoring lead reduction activities without the implementation of a formal NARAP. In conjunction with the release of a NARAP for lindane, Mexico committed to eliminating all lindane uses over the next ten years.

c) Greening Supply Chains in Mexico

In May-June, the Secretariat approached the Global Environmental Management Initiative (GEMI) in Mexico with a proposal to co-develop a project aimed at increasing the competitiveness and environmental

performance of member companies by helping their small suppliers adopt pollution prevention measures. A number of GEMI member companies were invited to nominate suppliers for the project. Selection according to set criteria took place in September. Phase I of project implementation began in November with the participation of Bristol-Myers Squibb, Colgate-Palmolive, Janssen-Cilag and Clarion, and 28 of their suppliers.

C. Trade and Environment

A meeting of trade and environment officials from the three Parties (the NAAEC Article 10(6) Working Group) was held in February in Los Cabos, Mexico, to set a cooperative agenda under the CEC's new Trade and Environment priority. Projects under the priority include invasive species prevention and management; ongoing environmental assessment of NAFTA and environmental reviews of free trade agreements; promoting a North American market for renewable energy; promoting green purchasing and better use of market-based approaches for sustainable use; and trade and enforcement of environmental laws. On 31 August, Council approved the Trade and Environment Strategic Plan.

a) Promoting Renewable Energy and Energy Efficiency in North America

The NAAEC Article 10(6) Working Group met with environment and energy officials in Washington, DC, in May. Following this meeting, a Renewable Energy Expert Committee (REEC) composed of government officials from the environment and energy sectors in the three countries, consultants, and representatives from energy companies, First Nations, and environmental nongovernmental organizations was created to advise the Secretariat in this area. The first annual meeting of the REEC was held in Washington, DC, in November. Thereafter, the Committee commissioned the following background studies: a paper on renewable energy market-based mechanisms and certificates, case studies on financing small-scale renewable energy projects in North America, a technical report on mapping renewable energy sources, a review of current state and provincial policies and laws promoting development of renewable energy, and a summary paper on the environmental benefits of renewable energy.

b) Green Purchasing

The Council approved an implementation plan for promoting green cleaning products and office supplies, and renewable energy in North America. Subcommittees were created to work on each of these commodities. Members of these committees met at the North American Green Purchasing Initiative annual meeting in Montreal in November. In conjunction with this meeting, the Office Supplies subcommittee held a stakeholder meeting to discuss the promotion of "green paper" in North America.

The Eco-SAT web-based green procurement policy self-assessment tool was refined and made more dynamic and user-friendly. The tool allows users to rate the level of "greenness" of their current procurement policies and practices and gives them the option of posting their results on the Web. Users can now save information and return to their personalized report at a later time.

The Secretariat sponsored a pilot project on cleaning products currently being used in the offices of Mexico's *Secretaría de Medio Ambiente y Recursos Naturales* with a view to identifying environmentally-superior alternatives and working with suppliers and janitors to "green" the ministry's procurement practices.

c) Trade and Enforcement of Environmental Laws

In November, the Secretariat held an international symposium for judges in Mexico City, focusing on environmental law and comparing judicial practices across North America and in selected nations abroad.

The Secretariat worked with the US-based National Center for Manufacturing Sciences and the Monterrey Technological Institute to finish the Mexican portion of the Border Compliance Assistance Center website <http://www.bordercenter.org>. The site provides useful information for those involved in the hazardous waste trade between the United States and Mexico.

d) Invasive Species Prevention and Management Approach

The CEC *ad hoc* task group on aquatic invasive alien species developed risk analysis guidelines for a North American test case. Fish aquarium trade was chosen as the pathway of common concern, and the suckermouth catfish (*Plecostomus*) and snakehead were selected as the two pilot species for field testing.

The Secretariat supported work on the collection, integration, compatibility and analysis of environmental, economic and social data required by the *ad hoc* task group for the evaluation phase of this field test.

e) Ongoing Environmental Assessment of NAFTA

The Secretariat, in collaboration with International Trade Canada and Foreign Affairs Canada, hosted the third North American Symposium on Assessing the Environmental Effects of Trade in Montreal on 30 November–1 December, with over 200 participants from across North America. Eleven scientific papers selected by a trilateral advisory committee composed of experts from the public and private sectors were presented by Canadian, American and Mexican researchers from academia, government and nongovernmental organizations. A session was added to the program to present, in collaboration with Environment Canada, Pollution Probe and Alcan, a practitioner's perspective on drivers of sustainable growth in North America. International Trade Canada held a workshop and public consultation on the environmental assessment of foreign investment promotion and protection agreements in conjunction with the symposium.

4. Registry of Submissions on Enforcement Matters

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

Between the entry into force of the NAAEC in 1994 and the end of 2005, 52 submissions had been filed with the Secretariat: 17 concerning Canada, 26 concerning Mexico, and 9 concerning the United States. During that time, the Secretariat dismissed or terminated 41 submissions on the basis of formal and substantive criteria set forth in Article 14 of the NAAEC. Two submissions were withdrawn. The Secretariat recommended factual record preparation for 22 submissions. In two cases, the Council voted against the Secretariat's recommendation [SEM-97-003 (Quebec Hog Farms) and SEM-01-001 (Cytrar II)]. Ten factual records were published.

Submissions on Enforcement Matters – Summary for 2005

ID. NUMBER	SUBMITTERS	END-OF-YEAR STATUS
SEM-00-006	<i>Comisión de Solidaridad y Defensa de los Derechos Humanos, A.C.</i>	Council voted to instruct the Secretariat to make the final factual record publicly available.
SEM-02-001	Canadian Nature Federation et al.	Preparing a consolidated factual record.
SEM-02-003	Sierra Legal Defence Fund et al.	Preparing factual record.
SEM-03-003	Dr. Raquel Gutierrez Najera et al.	Awaiting Council's decision on the development of a factual record.
SEM-03-004	Angel Lara García	Preparing factual record.
SEM-03-005	Waterkeeper Alliance et al.	Preparing factual record.
SEM-04-001	Francisco H. Garza Vara et al.	Process terminated under Article 15(1).
SEM-04-002	<i>Academia Sonorense de Derechos Humanos, A.C.</i> and Domingo Gutierrez Mendivil	Process terminated under Article 14(2).
SEM-04-005	Waterkeeper Alliance et al.	Awaiting Council's decision on the development of a factual record.
SEM-04-006	Canadian Nature Federation et al.	Preparing a consolidated factual record.
SEM-04-007	Quebec Association Against Air Pollution (<i>Association québécoise de lutte contre la pollution atmosphérique</i>)	Awaiting Council's decision on the development of a factual record.
SEM-05-001	Inmobiliaria J and B Empresas, S.A. de C.V.	Process terminated under Article 15(1).
SEM-05-002	The Center for Biological Diversity et al.	Awaiting Party's response under Article 14(3).
SEM-05-003	<i>Academia Sonorense de Derechos Humanos, A.C.</i> and Mr. Domingo Gutiérrez Mendivil	Awaiting Party's response under Article 14(3).

Submission ID: SEM-00-006 (TARAHUMARA)

Submitter(s): *Comisión de Solidaridad y Defensa de los Derechos Humanos, A.C.*

Party: Mexico

Date received: 9 June 2000

Summary of the matter addressed in the submission:

The Submitters allege a failure by Mexico to effectively enforce its environmental law by denying access to environmental justice to Indigenous communities in the Sierra Tarahumara in the State of Chihuahua. They particularly assert failures to effectively enforce environmental law relative to the citizen complaint process, to alleged environmental crimes and other to alleged violations with respect to forest resources and the environment in the Sierra Tarahumara.

2005 Events:

1. On 6 April 2005, the Secretariat submitted a draft factual record to Council, for a 45-day comment period on the accuracy of the draft.
2. On 24 May 2005, the Secretariat received comments on the draft factual record from the governments of Mexico and the United States.
3. On 26 July 2005, the Secretariat submitted a final factual record to Council for Council's vote on whether to make the final factual record publicly available.
4. On 21 December 2005, the Council voted to instruct the Secretariat to make the final factual record publicly available.

Submission ID: SEM-02-001 (ONTARIO LOGGING)

Submitter(s): Canadian Nature Federation et al.

Party: Canada

Date received: 6 February 2002

Summary of the matter addressed in the submission:

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

2005 Events:

1. On 4 April 2005, the Secretariat placed an amended overall plan to develop a consolidated factual record for submissions SEM-02-001 Ontario Logging and SEM-04-006 Ontario Logging II, on its website or otherwise made it available to the public and stakeholders.

Submission ID: SEM-02-003 (PULP & PAPER)

Submitter(s): Sierra Legal Defence Fund et al.

Party: Canada

Date received: 8 May 2002

Summary of the matter addressed in the submission:

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

2005 Events:

The Secretariat continued the process of preparing a factual record, which had begun in 2003.

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.

2005 Events:

1. On 18 May 2005, the Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record.

Submission ID: SEM-03-004 (ALCA-IZTAPALAPA II)

Submitter(s): Angel Lara García

Party: Mexico

Date received: 17 June 2003

Summary of the matter addressed in the submission:

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

2005 Events:

1. On 9 June 2005, the Council voted to instruct the Secretariat to develop a Factual Record.
2. On 21 July 2005, the Secretariat placed a work plan on its website or otherwise made it available to the public and stakeholders.
3. On 16 November 2005, the Secretariat posted a request for information relevant to the factual record on its website.

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.

2005 Events:

1. On 8 February 2005, the Secretariat posted a request for information relevant to the factual record on its website.

Submission ID: SEM-04-001 (HAZARDOUS WASTE IN ARTEAGA)

Submitter(s): Francisco H. Garza Vara et al.

Party: Mexico

Date received: 27 January 2004

Summary of the matter addressed in the submission:

The Submitters assert that Mexico is failing to effectively enforce its environmental laws by not properly processing their complaint against the operation of companies, *Ecolimpio de México, S.A. de C.V.*, and *Transportes J. Guadalupe Jiménez, S.A.*

2005 Events:

1. On 27 January 2005, the Secretariat determined not to recommend the preparation of a factual record. Under guideline 9.6, the process was terminated.

Submission ID: SEM-04-002 (ENVIRONMENTAL POLLUTION IN HERMOSILLO)

Submitter(s): *Academia Sonorense de Derechos Humanos, A.C.* and Mr. Domingo Gutierrez Mendivil

Party: Mexico

Date received: 14 July 2004

Summary of the matter addressed in the submission:

The Submitters assert that Mexico is failing to effectively enforce various provisions of Mexican environmental law regarding the prevention, monitoring, oversight and control of air pollution in Hermosillo, Sonora.

2005 Events:

1. On 27 January 2005, the Secretariat determined not to request a response from the concerned government Party. Under guideline 8.1, 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.

2005 Events:

1. On 18 January 2005, the Secretariat received more information from the Submitters, and began to analyze it.
2. On 24 February 2005, the Secretariat determined that the revised submission met the criteria of Article 14(1) and requested a response from the concerned government Party in accordance with Article 14(2).
3. On 25 April 2005, the Secretariat received a response from the concerned government Party and began considering whether to recommend a factual record.
4. On 30 September 2005, the Secretariat received supplemental information from the concerned government Party.
5. On 5 December 2005, the Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record.

Submission ID: SEM-04-006 (ONTARIO LOGGING II)

Submitter(s): Canadian Nature Federation et al.

Party: Canada

Date received: 12 October 2004

Summary of the matter addressed in the submission:

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

2005 Events:

1. On 1 April 2005, the Council voted to instruct the Secretariat to consolidate this submission (SEM-04-006) with the Ontario Logging submission (SEM-02-001) for the purpose of developing one consolidated factual record for both submissions.
2. On 4 April 2005, the Secretariat placed an amended overall plan on its website or otherwise made it available to the public and stakeholders.

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.

2005 Events:

1. On 1 February 2005, the Secretariat received a response from the concerned government Party and began considering whether to recommend a factual record.
2. On 5 May 2005, the Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record.

Submission ID: SEM-05-001 (CRUSHED GRAVEL IN PUERTO PEÑASCO)

Submitter(s): Inmobiliaria J and B Empresas, S.A. de C.V.

Party: Mexico

Date received: 12 January 2005

Summary of the matter addressed in the submission:

The Submitters assert that Mexico is failing to effectively enforce its environmental laws in connection with the citizen complaint regarding environmental damage from the mining activities of *Diamond Golf Internacional*.

2005 Events:

1. On 14 January 2005, the Secretariat acknowledged receipt of a submission and began a preliminary analysis of it under the guidelines.
2. On 16 February 2005, the Secretariat determined that the submission met the criteria of Article 14(1) and requested a response from the concerned government Party in accordance with Article 14(2).
3. On 18 May 2005, the Secretariat received a response from the concerned government Party and began considering whether to recommend a factual record.
4. On 24 October 2005, the Secretariat determined not to recommend the preparation of a factual record. Under guideline 9.6, the process was terminated.

Submission ID: SEM-05-002 (CORONADO ISLANDS)

Submitter(s): The Center for Biological Diversity et al.

Party: Mexico

Date received: 3 May 2005

Summary of the matter addressed in the submission:

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

2005 Events:

1. On 4 May 2005, the Secretariat acknowledged receipt of a submission and began a preliminary analysis of it under the guidelines.
2. On 2 June 2005, 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 11 July 2005, the Secretariat received a revised submission and began to analyze it.
4. On 30 September 2005, the Secretariat determined that the revised submission met the criteria of Article 14(1) and requested a response from the concerned government Party in accordance with Article 14(2).

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.

2005 Events:

1. On 1 September 2005, the Secretariat acknowledged receipt of a submission and began a preliminary analysis of it under the guidelines.
2. On 9 November 2005, the Secretariat determined that the submission met the criteria of Article 14(1) and requested a response from the concerned government Party in accordance with Article 14(2).

Report from the CEC's Joint Public Advisory Committee

In 2005, consultants delivered to the Joint Public Advisory Committee (JPAC) a report analyzing challenges and accomplishments of the Committee during its first 10 years. Conclusions of the report include the following: JPAC has been an innovative debate facilitator and point of entry for the public but its dual role as watchdog of the Parties *and* as a strategic partner for the Council in pursuing a regional environmental agenda has created philosophical and operational challenges. The Committee has been more effective when it focuses on transboundary issues rather than domestic concerns, though there are notable exceptions. JPAC and Council have reached stalemate on certain priority issues, leading to frustration by JPAC members and officials. Communications with Council and its officials have tended to be highly formalized, with little opportunity for more “organic” interaction. Relations with Council representatives have become increasingly important, but remain cumbersome. The perception of JPAC as a quasi-governmental body can influence its interactions with the public. JPAC has had limited indigenous participation in its work, but has made some progress in integrating indigenous communities. The business sector has not been consistently active in JPAC activities, but has engaged where interests and priorities coincide. Coordination and support from the Secretariat has been strong. Any new budget limitations will begin to constrain JPAC’s core work and limit its public diplomacy role.

In light of these findings, researchers found no need for major overhauls to the manner in which JPAC functions. Instead, many recommendations focused on enhancing ongoing efforts. Among the principal recommendations is that JPAC should seek a stronger, less formal dialogue with the Council and its officials. This does not discount JPAC’s role as a public watchdog or occasional critic of the Council (indeed there are times, notably the running dialogue on citizen submissions under Articles 14 and 15, where discord serves an important function) but recognizes that progress is more likely under a framework such as the NAAEC when efforts are more cooperative than adversarial. Researchers also found that JPAC has had greater success in facilitating public engagement and influencing policy when it has focused on a defined set of issues.

After careful review of this report, JPAC spent several months developing and seeking public input on a strategic plan for the Committee meant to complement the strategic plan adopted by the CEC earlier. In its strategic plan, crafted to support the broad priorities set by the Parties for the CEC, JPAC committed to ensuring transparent delivery of information to and from the public, with a goal of ensuring that the interests of all stakeholders, including nongovernmental organizations, industry, local citizens, and others, are represented. It committed to conducting a mid-term (2007–2008) review of the CEC’s capacity-building initiatives, accompanied by at least one forum to discuss the role of the private and public sectors in ensuring that the goals of the NAAEC are met, while actively seeking input from indigenous groups across North America. JPAC will sponsor workshops and make available information on the topic of trade and the environment. In 2005 JPAC held four regular sessions, with a focus on consulting the public on the draft Strategic Plan, engaging the private sector in the work of the CEC and supporting the work of the Trade and Environment program.

JPAC Members, 2005

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Country Reports

Canada Progress Report, 2005

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

Environmental Indicators

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

In 2005, Environment Canada’s National Environmental Indicators and State of the Environment Reporting Strategy and Background Reports became the Canadian Environmental Sustainability Indicators (CESI) initiative. Through CESI, the federal government provides annual reports on environmental indicators in the areas of air quality, water quality and greenhouse gas emissions, which can be found 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. The Program’s mission is to reduce the frequency and consequences of environmental emergencies involving the unplanned, uncontrolled or accidental release of hazardous substances. In delivering its responsibilities, the Program works in close partnership with other federal government departments, other levels of government, the private sector and international organizations. For more information on how Environment Canada’s Environmental Emergencies Program works, please see <http://www.ec.gc.ca/ee-ue/default.asp?lang=en>.

Environmental emergency plans for industrial facilities

The 2004 North American Commission for Environmental Cooperation Annual Report indicated that Environment Canada had published regulations under s.200 of the Canadian Environmental Protection Act, 1999, requiring the development and implementation of environmental emergency (E2) plans for 174 substances that, if released to the environment as a result of an environmental emergency, may harm human health or environmental quality. Environmental Emergency Plans must address prevention, preparedness, response and recovery. These Regulations came into force on November 18, 2003. By the end of 2005, over 2000 facilities had prepared and implemented E2 plans as required by the Regulations.

During the publication of the Regulations, Environment Canada committed to evaluating the remaining 49 CEPA-toxic substances and three other hazardous substances of concern. The evaluation of these substances was completed in 2005 and, as a result, 34 substances are proposed to be added to the Regulations. The proposed amendments will also address matters related to the interpretation and clarity of the regulatory text.

Environment Canada's intention to publish these proposed amendments was presented to provinces, territories, industry, nongovernmental organizations, environmental nongovernmental organizations and other key stakeholders as part of a consultations package that was distributed in July 2005. During the consultations, there was broad agreement among stakeholders in support of the proposed amendments. For more information regarding environmental emergency plans for industrial facilities, please see <http://www.ec.gc.ca/ee-ue/default.asp?lang=En&n=E3A506F8-1>.

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

In 2005, Environment Canada supported and/or was engaged in several areas of research and development (R&D) to advance cleaner solutions for the protection of the environment. The year 2005 can be viewed as a turning point where additional R&D effort was directed towards technologies that embrace pollution prevention and sustainable development concepts. Given the complexity and industrial expertise required to develop such technologies, Environment Canada worked in partnership with other government departments and industries to advance processes, operations and/or techniques that generate fewer undesirable by-products that are released into the environment.

Environment Canada became more engaged in the governance and operation of various federal funding programs, among them the Technology & Innovation program which focuses on three major initiatives: Basic R&D; Technology Demonstrations under the Technology Early Action Measures (TEAM) program (see more information below); and the Hydrogen Early Adopters program. Substantial R&D funds were also made available through the Sustainable Development Technology Canada (SDTC) and Green Municipal Funds being operated at arms length from the federal government.

In 2005, considerable effort was directed to the energy sector as it accounts for most of the greenhouse gas emissions and also several criteria air contaminants. Environment Canada, through the Technology Strategies Division, was engaged on numerous inter-departmental review committees for selecting projects under several other federal funding mechanisms: Industrial Energy Research and Development (IERD); Industrial Research Assistance Program (IRAP); Technology Partnerships Canada (TPC); and the Climate Change Action Plans 2000 and 2003 which continued its funding through 2005. Focus technology areas included: cleaner fossil energy; advanced energy efficient systems; distributed energy production, including renewables; biotechnology; and hydrogen. The portfolio of projects supported by some of these funding programs can be found on the following websites:

- Sustainable Development Technology Canada – <http://www.sdtc.ca/>
- Federation of Canadian Municipalities – <http://gmf.fcm.ca/Home/>

Technology Early Action Measures (TEAM)

TEAM is an interdepartmental technology investment program that supports projects that are designed to demonstrate technologies that mitigate greenhouse gas (GHG) emissions nationally and internationally, and that sustain economic and social development. TEAM also supports late-stage development projects and first-time demonstration projects. For more information on TEAM, please see <http://www.nrcan-rcan.gc.ca/evaluation/reprap/2005/e04025-eng.php>.

Environment Canada-Science and Technology Branch

In response to recommendations made in November 2004 by the Deputy Minister's external Science and Technology Management Review Panel to improve the planning and management of science, Environment Canada created a new Science and Technology Branch, in September 2005. In addition, work began on the Department's first Science Plan, which is intended to ensure that Environment Canada's science is positioned to support the Department's evolving policy, program, and service needs, as well as clarify how Environment

Canada's science can be integrated internally, and where the Department can collaborate, partner, and foster science integration within and outside the federal government. More information on Environment Canada's scientific research and technology development can be found at <http://www.ec.gc.ca/scitech/default.asp?lang=En&n=92CF755E-11>.

National Air Pollution Surveillance (NAPS)

The goal of the National Air Pollution Surveillance (NAPS) program is to provide accurate and long-term air quality data of a uniform standard across Canada. NAPS was established in 1969 to monitor and assess the quality of ambient (outdoor) air in the populated regions of Canada. NAPS is managed using a cooperative agreement among the provinces, territories and some municipal governments. In 1969, eight provinces—Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia—joined the program. In the first annual data report 36 monitoring sites reported to the Canada-wide database. Today there are 286 sites in 203 communities located in every province and territory.

NAPS is also a data collection network used in the Canada-wide Standards programs for assessing trends in both particulate matter and ozone. Ozone data is used by the Canadian Environmental Sustainability Indicators program for its air indicator, while the Canada-US Agreement on Air Quality uses data from the National Air Pollution Surveillance network for discussions relating to transboundary pollution. In addition, a large number of requests for data are received each year from Environment Canada and Health Canada and by provincial, territorial and municipal governments for their various studies.

In 2005, a network expansion was undertaken to provide enhanced coverage of particulate matter with a median diameter of 2.5 microns in anticipation of the Canadian Environmental Sustainability Indicators program adding particulate matter with a median diameter of 2.5 microns to the air indicator for 2006 and subsequent years. For information on the NAPS network annual Data Summary, please see http://www.etc-cte.ec.gc.ca/publications/napsreports_e.html.

Oil and Chemical Spill Response

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

Biological Method Activities

Environment Canada's Biological Methods Division (BMD) is composed of experts in the development, validation, and standardization of biological methods, soil function and biotechnology product fate and effect assessments. BMD is responsible for: 1) forecasting of the need for new environmental toxicology testing methods; 2) development and validation of standardized biological test methods and supporting guidance required by departmental programs; 3) in-house development of single-species and microbial functional assays for the assessment of the impact of contaminants on natural soil systems; 4) input to departmental regulatory and policy processes by ensuring the availability and appropriate advice on the use of biological test methods; and, 5) providing ongoing support to the toxicology component of the national laboratory accreditation program managed by the Canadian Association for Environmental Analytical Laboratories (CAEAL). In 2005, Environment Canada published "Test for Measuring Emergence and Growth of Terrestrial Plants Exposed to Contaminants in Soil" and "Guidance Document on Statistical Methods for Environmental Toxicity Tests." For more information on biological method activities, work on emissions measurements and publications, please see http://www.etc-cte.ec.gc.ca/organization/spd_e.html.

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

The Canadian Environmental Assessment Agency (CEAA) is responsible for administering the federal environmental assessment process. During the 2005 fiscal year, federal departments and agencies undertook a total of 7906 screenings and 38 comprehensive studies in accordance with their environmental obligations

under the *Canadian Environmental Assessment Act*. During the same period, CEAA managed 10 panel reviews.

Article 2(1)(f) - Economic Instruments

With respect to promoting the use of economic instruments for the efficient achievement of environmental goals, in 2005 Environment Canada hosted a small international workshop for federal and provincial government officials with the dual objectives of educating and promoting the use of market-based instruments. The workshop centered on several presentations by specialists in other countries, including the UK, Sweden and Denmark, which provided an opportunity to learn about the successes and challenges of their experience with instrument implementation.

Article 2(3) - Export Controls

In 1999, the *Canadian Environmental Protection Act 1999* (CEPA 1999) was enacted. The Act governs all matters regarding export controls. In 2005, Environment Canada prohibited the use of perfluoroalkylhydroxyaminoazetidinium polymer, under Subsection 84(5) of the Act, through ministerial prohibition published in the Canada Gazette, Part I, on February 5, 2005. Further information can be found at <http://www.ec.gc.ca/lcpe-cepa/default.asp?lang=En&n=D44ED61E-1>.

Article 3 - Levels of Protection

Species at Risk Act

The goals of the *Species at Risk Act* (SARA) are to prevent wildlife species from becoming extinct or extirpated, to provide for the recovery of species that are extirpated, endangered or threatened as a result of human activity, and to manage species of special concern. SARA ensures that species are assessed under a rigorous and independent process that considers the best available biological and Aboriginal traditional knowledge, and that species deemed at risk are considered for listing under the Act. In 2005, 112 new species were added to the List of Wildlife Species at Risk under SARA. The Act also requires the development of recovery strategies and action plans for species that are listed as extirpated, endangered or threatened. In 2005, over 200 strategies were under development. For more information on the registry and the SARA, please see http://www.sararegistry.gc.ca/default_e.cfm.

Migratory Birds Convention Act, 1994

The *Migratory Birds Convention Act, 1994* (MBCA 1994), implements the 1916 treaty between Canada and the United States, in which the two countries agreed to protect and conserve migratory birds and their nests. In June 2005, the Act was amended to deal with the issue of birds killed at sea by illegal oil discharges. These amendments to the MBCA 1994 also clarified the purpose of the Act and provided the legal authority to support an authorization or permit framework that would allow for a limited amount of incidental take of migratory birds or their nests. In 2005, Environment Canada's activities focused on increasing funding for implementing the amendments—in particular, improving surveillance for illegal oil discharges, strengthening interdepartmental cooperation for enforcement, improving the scientific understanding of marine bird populations and developing a new regulatory framework for the management of incidental take of migratory birds. For more information on the MBCA, please see <http://www.ec.gc.ca/alef-ewe/default.asp?lang=en&n=3DF2F089-1>.

Additions to the List of Toxic Substances

In January, 2005, in line with its obligations under the Montreal Protocol on Substances that Deplete the Ozone Layer, Canada phased out the use of methyl bromide for uses other than those deemed critical. Canada continues to work with its stakeholders to reduce the quantities of methyl bromide for such uses and accordingly has published a National Management Strategy for the Phase-out of Methyl Bromide Critical Use Exemptions.

Article 4 - Publication

In 2005, 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
<i>Off-Road Compression-Ignition Engine Emission Regulations</i>	Feb 05	Final	Canada Gazette, Part II
<i>Prohibition of Certain Toxic Substances Regulations, 2005</i>	Mar 05	Final	Canada Gazette, Part II
<i>Export and Import of Hazardous Waste and Hazardous Recyclable Material Regulations</i>	Jun 05	Final	Canada Gazette, Part II
<i>Amending the Prohibition of Certain Toxic Substances Regulations, 2005 (2-Methoxyethanol, Pentachlorobenzene and Tetrachlorobenzenes)</i>	Jul 05	Proposed	Canada Gazette, Part I
<i>Regulations Respecting 2-Butoxyethanol</i>	Jul 05	Proposed	Canada Gazette, Part I
<i>Regulations Amending the Sulphur in Diesel Fuel Regulations</i>	Oct 05	Final	Canada Gazette, Part II
<i>Regulations Amending the On-Road Vehicle and Engine Emission Regulations</i>	Nov 05	Proposed	Canada Gazette, Part I

POLLUTION PREVENTION PLAN	Date	Status	Publication
<i>Notice requiring the preparation and implementation of pollution prevention plans in respect of inorganic arsenic compounds, hexavalent chromium compounds, polychlorinated dibenzodioxins, polychlorinated dibenzofurans and/or hexachlorobenzene used by wood preservation facilities</i>	May 05	Proposed	Canada Gazette, Part I
<i>Notice requiring the preparation and implementation of pollution prevention plans in respect of inorganic arsenic compounds, hexavalent chromium compounds, polychlorinated dibenzodioxins, polychlorinated dibenzofurans and/or hexachlorobenzene used by wood preservation facilities</i>	Oct 05	Final	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 June 2005, Environment Canada took steps to reorganize its enforcement functions by creating the Enforcement Branch, a line management organization headed by a Chief Enforcement Officer. The newly restructured branch is responsible for the direction, guidance and general administration of all federal enforcement activities. By bringing all enforcement responsibilities and accountability under one lead, the Department has enhanced its ability to react quickly to issues and realign process and resources to improve efficiencies and effectiveness with the resources available.

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

Recruitment and Training

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

verify compliance with the Act; conduct investigations of suspected violations; enter premises, open containers, examine contents and take samples; conduct tests and measurements; obtain access to information (including data stored on computers); stop and detain conveyances; enter, search, seize and detain items related to the enforcement of the Act; secure inspection warrants to enter and inspect premises that are locked and/or abandoned or where entry has been refused; seek search warrants; and arrest offenders. In June 2005, there were a total of 145 designated environmental enforcement officers. This year, Environment Canada began a three-year project to redesign the basic enforcement training program with a contracted law enforcement training facility. This course was not delivered during this year, and therefore no new officers were designated with full enforcement officer powers.

During this period, the Limited Powers/Analyst Designation course was redesigned and delivered. Following the course, 13 officers received designation with limited powers and 22 analysts received designation as CEPA 1999 analysts. Other learning projects carried out included:

- development and delivery of a seminar and development of an online course for the revised Export and Import of Hazardous Waste and Hazardous Recyclable Materials Regulations;
- development of a professional development and apprenticeship program for enforcement officers;
- learning needs analysis and design of training for Bill C-15 (*An Act to amend the Migratory Birds Convention Act, 1994 and the Canadian Environmental Protection Act, 1999*), birds oiled at sea legislation; and,
- learning needs analysis and planning for the design of training for an advanced investigations techniques program.

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

Enforcement information, reports and statistics can be found on EC's website at <http://www.ec.gc.ca/alef-ewe/default.asp?lang=En&n=5A011974-1&parent=36F21B9D-24C2-4CFE-8EFE-B3AA64A79952>. This site also includes historical court decisions on guilty parties and press releases and media advisories.

Article 6 - Private Access to Remedies

Persons with a recognized legal interest have access to remedies before administrative tribunals and the courts. In addition to being able to institute private prosecutions, interested persons 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 2005, there were no applications for investigation by the Minister, under CEPA section 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 2005, three Notices of Objection were filed in connection with the "Proposed order to add the Kyoto greenhouse gases to Schedule 1 of the *Canadian Environmental Protection Act, 1999*" (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

According to the *Environmental Protection and Enhancement Act*, Alberta's Minister of Environment is required to report on the state of Alberta's environment.

Alberta's first comprehensive report was produced in 1994. Alberta's State of the Environment website <http://environment.alberta.ca/02488.html> was established in 2005. It represents a shift away from lengthy, descriptive reports to a dynamic online information source focusing on environmental indicators and up-to-date information.

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

A high level business unit model was developed for the new Alberta Environment Emergency Response Team (ASERT). Work was started on the details of the major business processes that will be used by the team. For information on ASERT, please see: <http://environment.alberta.ca/01369.html>.

Article 2(1)(c) - Environmental Education

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

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

In 2005–2006, the Ministry of Innovation and Science focused resources in area of economic opportunity, including clean coal technology, carbon dioxide capture and storage, hydrocarbon and bitumen upgrading, bio-energy, agri-foods and bioproducts. Work accomplished in 2005–2006 by the Ministry of Innovation and Science can be found at:

http://www.advancededandtech.alberta.ca/media/204038/scientific_activity-report-2006-07_final.pdf.

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

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

Article 2(1)(f) - Economic Instruments

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

Article 4 - Publication

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

Article 5 - Government Enforcement Action

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

Article 6 - Private Access to Remedies

The Environmental Appeals Board (EAB) operates at arm's length from Alberta Environment, and reports directly to the Minister of Environment. The EAB, consistent with the *Environmental Protection and Enhancement Act* and the *Water Act*, provides fair, impartial and efficient resolution of all matters before it. The Board's goal is to advance the protection, enhancement and wise use of Alberta's environment.

The EAB was established on 1 September 1993, under Alberta's *Environmental Protection and Enhancement Act*. The EAB hears appeals under the *Environmental Protection and Enhancement Act*, the *Water Act* and Schedule 5 of the *Government Organization Act*.

The EAB has the power to make recommendations to the Minister of Environment, with the Minister making the final decision. On matters relating to requests for confidentiality, stays, costs, administrative penalties, and certain matters relating to water works, the EAB make the final decision. The EAB does not replace or eliminate the right of Albertans to seek judicial review in the courts. For information on the EAB, please see <http://www.eab.gov.ab.ca/index.htm>.

MANITOBA

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

Manitoba has graduated from producing State of the Environment reports every two years to producing a Provincial Sustainability Report which provides important information to Manitobans on key sustainability issues and trends. Under *The Sustainable Development Act* proclaimed in 1998, the Manitoba government must prepare a sustainability report based on a chosen set of indicators which are in development.

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

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

Article 2(1)(c) - Environmental Education

Since 1999, the Manitoba government has put a major emphasis on environmental education in our schools. Sustainable development and the environment are now a significant part of the science and social studies curriculums. For more information, please see <http://www.edu.gov.mb.ca/k12/esd/>.

Manitoba also supports a number of educational programs related to the environment including outdoor recreation, beach safety and interpretation programs; Envirothon environmental education competition and

project WILD; Manitoba Bear Smart, furbearer management and hunter education; and threatened species education and outreach. Further information can be found at <http://www.gov.mb.ca/conservation/>.

The government has also released “Fishing, Hunting and Trapping: The Rights and Responsibilities of First Nation Peoples.” For more information, please see http://www.gov.mb.ca/conservation/firstnations/hunting-fishing_dec_06.pdf.

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

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

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

Manitoba’s Environmental Assessment & Licensing Branch ensures that developments are regulated in a manner that protects the environment, and sustains a high quality of life for present and future Manitobans. More information on the Licensing Branch is available at <http://www.gov.mb.ca/conservation/envapprovals/index.html>.

Public hearings of the Clean Environment Commission may be recommended if there is significant public concern. For more information, please 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. For more information, please see <http://www.gov.mb.ca/conservation/funding/index.html>.

Article 2.3 – Export Controls

Manitoba Competitiveness, Training and Trade is committed to supporting growth for Manitoba business, meeting provincial labour demands and expanding trade relations around the globe. Find further information at <http://www.gov.mb.ca/iedm/index.html>.

Article 4 - Publication

Government of Manitoba Acts and Regulations are published through The Queen's Printer Statutory Publications and can be found at <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 required under *The Environment Act*, which is available online at <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 available at <http://www.gov.mb.ca/conservation/envprograms/env-enforc/index.html>.

QUEBEC

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

In 2005–2006, the Department of Sustainable Development, Environment and Parks (*Ministère du Développement durable, de l'Environnement et des Parcs*—MDDEP) disseminated 25 new state of the environment documents on its own website and those of its agencies, including the Québec Environmental Analysis Centre (*Centre d'expertise en analyse environnementale du Québec*):

UHT) and the Québec Centre of Hydric Expertise (*Centre d'expertise hydrique du Québec*: <http://www.cehq.gouv.qc.ca>), or those of its partners, including the Québec Centre for Data on Natural Heritage (*Centre de données sur le patrimoine naturel du Québec*: <http://www.cdpnq.gouv.qc.ca/>).

RECYC-QUÉBEC

RECYC-QUÉBEC published a 2004 overview of waste management in Québec: (http://www.recyc-quebec.gouv.qc.ca/upload/Publications/bilan_2004_de_la_gestion_des_materies_r.pdf—French only).

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

The MDDEP operates an emergency response system (*Urgence-Environnement*) throughout its territory, with regional departments ensuring continuous preparedness of the territories they cover. The Emergency Coordination Bureau (*Bureau de coordination des urgences*—BCU) supports regional intervention teams and oversees the operation of the emergency call center, which takes calls regarding emergencies around the clock. The MDDEP took part in emergency simulations conducted by its partners, the Sûreté du Québec, the Canadian Coast Guard, and the BCU. Finally, ongoing training of *Urgence-Environnement* responders remains a priority. See <http://www.mddep.gouv.qc.ca/ministere/rejoindre/urgence.htm> (in French)

Article 2(1)(c) – Environmental Education

MDDEP

On its website, the MDDEP has published feature stories on the environment aimed at young people 10 to 14 years old, general information vignettes, and information documents related to the Pesticides Management Code (<http://www.mddep.gouv.qc.ca/pesticides/permis-en/code-gestion-en/index.htm>) along with a brochure on the new Heavy-duty Vehicle Inspection and Maintenance Program (*Programme d'inspection et d'entretien des véhicules automobiles lourds*—PIEVAL: <http://www.mddep.gouv.qc.ca/air/pieval/index.htm>—French only). A number of presentations and training sessions on various topics, including agricultural regulations, provisions for the protection of lakes and waterways, and wetlands were held with various groups.

In collaboration with the environmental network *RÉSEAU environnement*, the MDDEP held a fifth annual Forum on Watershed-based Integrated Water Management. It also offered education and training activities to specific groups.

RECYC-QUÉBEC

RECYC-QUÉBEC's *Programme VERRR* funded 66 projects dealing with information, awareness and education in reduction, reuse, recycling and recovery of waste. *RECYC-INFO* was published six times in 2005. For more information, go to <http://www.recyc-quebec.gouv.qc.ca/client/fr/programmes-services/information/fonction.asp> (French only).

MRNF

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

Article 2(1)(d) – Scientific Research

MDDEP

Via its *Programme de soutien en milieu agricole*, the MDDEP funded one of the projects in agroecology research and water monitoring in farming areas. The MDDEP also conducts a number of drinking water quality characterization studies and develops analytical methods for emerging problem substances. For more information, go to <http://www.mddep.gouv.qc.ca/eau/bassinversant/index.htm>.

The MDDEP also contributed funding to a number of projects involving public awareness, environmental studies, reclamation, and ecosystem restoration for the St. Lawrence River, including Community Interactions, a funding and technical assistance program for community projects, managed jointly with Environment Canada. For its part, the MRNF contributed to research protecting wildlife in the St. Lawrence.

RECYC-QUÉBEC

In 2005, RECYC-QUÉBEC:

- established various working and sectorial committees (<http://www.recyc-quebec.gouv.qc.ca/client/fr/programmes-services/table-concertation/vue-ensemble.asp>— French only) whose purpose is to identify problems and assess management methods to be adopted by 2008;
- continued its management of funding programs for the glass sector (<http://www.recyc-quebec.gouv.qc.ca/client/fr/programmes-services/verre.asp> – French only), in collaboration with the *Société des alcools du Québec*, and continued to support regional municipalities in developing management plans, and assisted in obtaining critical assessment of the work carried out and making the adjustments necessary to achieve compliance with their plans;
- administered the *Programme gouvernemental d'aide financière à l'élaboration des plans de gestion des matières résiduelles* (<http://www.recyc-quebec.gouv.qc.ca/client/fr/gerer/municipalites/gestion-efficace.asp> – French only);
- reached a partnership agreement with the Québec Centre for Industrial Research (*Centre de recherche industrielle du Québec*—CRIQ) to support research into the development of recycling or recovery technologies and procedures;
- implemented a project examining the recyclability of degradable bags, and a certification program for compostable bags is being developed with the Québec Standards Bureau (*Bureau de normalisation du Québec*);
- implemented the *Programme d'aide à l'innovation et au développement technologiques portant sur les matières issues de la collecte sélective* and the *Programme d'aide financière aux entreprises d'économie sociale* (http://www.recyc-quebec.gouv.qc.ca/client/fr/programmes-services/information/ProgEco_soc.asp – French only), working within the framework of waste management plans, funded 22 projects.

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

Québec applied its environmental assessment procedures to projects falling under the *Regulation respecting Environmental Impact Assessment and Review*. In enforcing the James Bay and Northern Quebec Agreement, mining projects, maritime infrastructure projects, and wastewater and solid waste management projects were assessed.

Canada and Québec implemented the *Agreement on Environmental Assessment Collaboration*, under which the governments, when possible, will coordinate their respective environmental assessment processes.

Article 2(1)(f) – Economic Instruments

A new fee structure came into force for activities undertaken by the MDDEP during a civil or criminal action, for the issuance of authorizations for the establishment or modification of a waste disposal facilities, and for the certification of farmers or foresters using certain pesticides.

The Québec government continued its initiatives to reduce and avoid GHG emissions in its economy (the purchase of hybrid and low energy-consumption vehicles, tax incentives for companies that cover the costs of transit passes for employees, investments).

Three regulations include the implementation of an economic instrument by stipulating that industry cover one cost per product in order to fund collection and recycling activities, in accordance with the principle of cost internalization.

Article 3 – Levels of Protection

MDDEP

- *Regulation respecting the Landfilling and Incineration of Residual Materials* (stricter standards for landfill sites and constant environmental monitoring of facilities).
- *Regulation respecting the Charges Payable for the Disposal of Residual Materials* (A \$10 Charge For Every Tonne Of Waste Disposed Of).
- *Regulation respecting Compensation for Municipal Services Provided to Recover and Reclaim Residual Materials* (\$54 million paid to municipalities by companies that produce and market containers, packaging and printed matter).
- *Regulation respecting the Tariff* determining costs of sampling, analysis, inspection or investigation that make up part of the costs of a civil or criminal action brought to enforce the *Environment Quality Act*.
- Signing, in December 2005, of the *Great Lakes-St. Lawrence River Basin Sustainable Water Resources Agreement* by the governors and premiers of eight US Great Lake states, Québec and Ontario (commitments to act jointly to strengthen the protection of the Great Lakes and St. Lawrence River watershed).
- Amendment of the *Regulation respecting the Quality of Drinking Water*.
- Extension, until December 15, 2005, of the restrictions on hog farms under the *Agricultural Operations Regulation*, both in municipalities of damaged watersheds and everywhere else.
- Implementation of amendments to the *Regulation respecting Environmental Impact Assessment and Review* and the *Regulation respecting the Landfilling and Incineration of Residual Materials* subjecting technical landfill sites to environmental impact assessment and evaluation procedures.
- Signing of the collaboration agreement *St. Lawrence Plan for Sustainable Development 2005–2010* between the governments of Québec and Canada.
- *Regulation respecting Mandatory Reporting of Certain Emissions of Contaminants into the Atmosphere*. A public consultation was held on May 15, 2006.
- Draft regulation on clean-up of the atmosphere, an overhaul of the current *Regulation respecting the Quality of the Atmosphere*, for public consultation. The consultations continued until January 2006.
- Implementation by the MDDEP of a conservation program for natural heritage on private land (*Programme de conservation du patrimoine naturel en milieu privé*), allowing nongovernmental organizations and projects to carry out 39 conservation projects. Nine of these involved acquiring a total area of 6.93 square kilometres for inclusion in protected areas; the other 30 were projects to raise awareness of the importance of protecting natural areas or to gain knowledge.
- In July 2005, the MDDEP and MRNF announced that 18 large natural areas would be set aside for protection, including three planned aquatic reserves and 15 planned biodiversity reserves, along with the expansion of four existing planned biodiversity reserves, covering a total of 6,759 square kilometers of forests, lakes, rivers, peat bogs, and marshes in the boreal forest. The earmarking of new land, of which nearly 4,000 square kilometers are located in the commercial boreal forest, increased the area of Québec's network of protected areas by 0.4 percent.
- The holding of public hearings for the creation of national parks north of the 50th parallel (in the boreal forest; public hearings for the planned Alabanel-Témiscamie-Otish National Park, of an area of approximately 11,000 square kilometers).
- Designation by the MDDEP of 31 threatened or vulnerable plant species and 30 plant habitats under the *Regulation respecting threatened or vulnerable species and their habitats* or the *Act respecting threatened or vulnerable species*.
- In February 2005, the addition of six vulnerable species to the 12 already registered (seven threatened and five vulnerable) under the *Regulation respecting Threatened or Vulnerable Species and Their Habitats* and the characterization of the habitat of the peregrine falcon, designated as vulnerable, in compliance with the *Act respecting threatened or vulnerable species*.
- Characterization by the MDDEP of the biodiversity of the ecoprovinces of the southern Laurentides region in order to identify areas of interest, draw up new proposals for protected areas, and select nearly 60 areas that contribute to the representativeness of the biodiversity of this ecoprovince.

RECYC-QUÉBEC

RECYC-QUÉBEC continued to oversee and assess the preparation of waste management plans by municipal authorities. These plans identify measures that municipalities will put into place to achieve the objective of recovering more than 65 percent of potentially reclaimable materials, as set out in the *Quebec Residual Materials Management Policy, 1998–2008*.

Article 4 - Publication

MDDEP

The MDDEP holds public consultations on its draft regulations and policies. Public consultations were held as part of amendments to the *Regulation respecting the Quality of Drinking Water*. A second public consultation was held in the summer of 2005 on the draft Great Lakes-St. Lawrence River Basin Sustainable Water Resources Agreement. Finally, the MDDEP continued the public consultations that started in December 2004 on the Québec Sustainable Development Plan and the provisional draft of the *Sustainable Development Act*.

MRNF

For its part, the MRNF holds priority consultations with partners united under “wildlife groups” (*Groupes Faune*) and with the parks advisory committee, and holds public consultations on draft regulations and policies as necessary.

All Québec laws and regulations must be published in the *Gazette Officielle du Québec* (<http://www3.publicationsduquebec.gouv.qc.ca/gazetteofficielle.en.html>). Most administrative rulings of general application, MDDEP annual reports, and sector guidelines are published at: <http://www.mddep.gouv.qc.ca/index.asp>.

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

Inspectors (MDDEP) and wildlife protection officers (MRNF) receive training on the implementation of new regulations in their sectors of intervention. Inspectors receive basic training on the Emergency Plan, spills of hydrocarbons and chemicals, and the nuclear emergency plan.

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

Through the deployment of a systematic inspection program for pesticides, the MDDEP carried out over 1,500 inspections, primarily with respect to retail sales, golf courses, and green-space management companies. With respect to wildlife, investigations led to the dismantling of several poaching rings, with ramifications in several regions in Québec.

Article 5(1)(c) – Voluntary Compliance

- As part of its support of watershed organizations in charge of coordinating water stakeholders, the MDDEP signed a number of funding agreements for the implementation of integrated watershed-based water management.
- Renewal of the Partnership agreement between the Québec Corporation of Municipal Building and Environmental Officers (*Corporation des officiers municipaux en bâtiments et en environnement du Québec—COMBEQ*) and the MDDEP to provide a suitable training framework for municipal officers so they may assume their duties under Q-2, r.8 and the *Groundwater Catchment Regulation*.

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

As part of the implementation of the Pesticides Management Code and amendments to the Regulation respecting permits and certificates for the sale and use of pesticides, the MDDEP continued activities to raise awareness and disseminate information among targeted groups.

Article 5(1)(f) – Environmental Audits

MDDEP

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

RECYC-QUÉBEC

RECYC-QUÉBEC issued performance certificates to 12 new establishments as part of its recognition program ICI ON RECYCLE!, which recognizes establishments whose efforts satisfy the program's admissibility criteria and are helping to achieve the goals of the *Quebec Residual Materials Management Policy, 1998–2008*.

Article 5(1)(g) – Record Keeping and Reporting

The MDDEP Department of Environmental Assessment uses an electronic file management system called IDÉE—*Information sur les dossiers d'Évaluation environnementale*—that, among other things, keeps track of files' administrative progress, sends out reminders, and generates management reports.

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

In 2005, all facilities in the pulp and paper sector held depollution attestations, the equivalent to an environmental operations permit renewable every five years. As part of their first attestation, these facilities carried out assessment studies of their wastewater emissions with regard to the ability of the aquatic receiving environments to support these emissions. The MDDEP continued its development of depollution attestations for industrial facilities in the mineral industry and for prime metal manufacturing.

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

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

In 2005, MDDEP investigators executed over 70 authorized entries and search warrants.

Article 5(2) – Judicial, Quasi-judicial or Administrative Enforcement Proceedings

Statistics on convictions in 2005 are listed in Tables 1 and 2.

TABLE 1: CONVICTIONS IN 2005 (MDDEP)

ACT / REGULATION	Number	Fine (\$)
<i>Pesticides Act – Pesticides Management Code</i>	2	1,000
<i>Act respecting the sale and distribution of beer and soft drinks in non-returnable containers</i>	1	600

ACT / REGULATION	Number	Fine (\$)
<i>Regulation respecting used tire storage</i>	2	3,000
<i>Regulation respecting pulp and paper mills</i>	36	904,600
<i>Regulation respecting the quality of drinking water</i>	6	6,000
<i>Regulation respecting solid waste</i>	2	600
<i>Regulation respecting snow elimination sites</i>	7	35,000
<i>Regulation respecting hazardous materials</i>	6	39,820
<i>Regulation respecting the reduction of agricultural pollution</i>	5	15,000
<i>Regulation Respecting Agricultural Operations</i>	16	36,000
<i>Regulation respecting the application of the Environment Quality Act</i>	4	1,200
<i>Regulation respecting the quality of the atmosphere</i>	19	9,300
<i>Regulation respecting pits and quarries</i>	3	7,400
<i>Groundwater Catchment Regulation</i>	3	9,000
TOTAL	112	1,068,520

TABLE 2: ENFORCEMENT FOR 2005 (MRNF)

ACT / REGULATION	Number of offence reports	Number of counts	Number of statements of offence
<i>Fisheries Act</i>	120	230	28
<i>Québec Fishery Regulations</i>	2,087	2,622	108
<i>Migratory Birds Convention Act</i>	3	9	
<i>Migratory Birds Regulations and Migratory Bird Sanctuary Regulations</i>	37	55	4
<i>Regulations enacted under the Act respecting the conservation and development of wildlife</i>	601	880	35
<i>Natural Heritage Conservation Act</i>	9	15	5
<i>Regulations enacted under the Parks Act</i>	300	328	134
<i>Act respecting the conservation and development of wildlife</i>	958	1,723	169
<i>Regulations enacted under the Act respecting hunting and fishing rights in the James Bay and New Québec territories</i>	10	13	
<i>Environment Quality Act</i>	50	55	26
<i>Regulations enacted under the Act respecting ecological reserves</i>			
<i>Act respecting threatened or vulnerable species</i>	38	41	1
Total	4,213	5,971	510

MEXICO PROGRESS REPORT, 2005

Country Report on Implementation of the Commitments Derived from the NAAEC

Introduction

This section of the 2005 *Annual Report* presents the most important activities undertaken in the realm of environmental management and protection between 1 September 2004, and 31 August 2005. It covers activities carried out by autonomous agencies—the National Water Commission (*Comisión Nacional del Agua*—Conagua), the National Institute of Ecology (*Instituto Nacional de Ecología*—INE), the Office of the Federal Attorney for Environmental Protection (*Procuraduría Federal de Protección al Ambiente*—Profepa) and the National Commission for Protected Natural Areas (*Comisión Nacional de Áreas Naturales Protegidas*—Conanp), by decentralized agencies—the Mexican Institute for Water Technology (*Instituto Mexicano de Tecnología del Agua*—IMTA) and the National Forestry Commission (*Comisión Nacional Forestal*—Conafor), and by the National Commission for Biodiversity Awareness and Use (*Comisión Nacional para el Conocimiento y Uso de la Biodiversidad*—Conabio). This report does not represent the total number of activities undertaken by the Mexican government during the period in question, nor does it account in full for those conducted under the aegis of the North American Agreement on Environmental Cooperation (NAAEC). Its purpose is simply to reflect Mexico's primary environmental efforts at the federal, state and local levels.

Environment, Economy and Trade

- The Commercial Forestry Plantation Development Program (*Programa para el Desarrollo de Plantaciones Forestales Comerciales*—Prodeplan) continued to promote the plantation of raw forest materials to support the production of cellulose, paper, rolled wood and timber, etc., in order to compensate for Mexico's shortage of these products, as well as to contribute to product diversification and generate jobs and income in rural areas. Resources of P\$310.6 million were allocated for such projects during this period.
- 4,626.8 hectares of forest were set aside under changed land use guidelines and another 5,659.5 hectares were designated as environmental compensation. In addition, P\$185.06 million were deposited into the Mexican Forest Fund (*Fondo Forestal Mexicano*) as environmental compensation for the change in land use of forested areas.
- The restoration of non-forested land was also begun, with an emphasis on agroforestry, primarily through the establishment and maintenance of agroforestry and forest grazing systems connected with soil conservation and rainwater capture projects in marginal and extremely marginal communities, yielding a total surface of 26,686.7 hectares currently undergoing restoration.
- Within the framework of the Socioeconomic Research Agenda on the design of economic instruments for environmental policy, by applying methodologies for assigning economic value to natural capital and environmental services, and through the analysis of public environmental policies, further impetus was given to such programs as Semarnat's Internal Program and Master Plan (*Programa Interno y Plan Rector*) for promoting ecotourism, nature tourism and rural tourism, the Program to Improve Air Quality in the Metropolitan Zone of the Valley of Mexico 2002–2010 (*Programa para Mejorar la Calidad del Aire en la Zona Metropolitana del Valle de México 2002–2010*) and the Program to Save Energy in Transportation (*Programa para Ahorro de Energía para el Transporte*). Further, a manual was prepared and a workshop was held to provide state and municipal

governments with the information necessary for designing programs of Local Environmental Services Payment (*Pago por Servicios Ambientales Locales*).

- As an example of sustainable management, a system of rainwater capture was installed in Semarnat's main headquarters, with the capacity to provide half a million liters of water per year, thereby reducing the public sector's demand for water. In terms of green procurement, ecological products now constitute 45 percent of the program's total purchases. By adhering to official workday parameters, savings between 317 to 332 kilowatts/hour in the consumption of electrical energy were achieved, preventing the release into the atmosphere of 530 tons of greenhouse gases. The Manual on the Management of Environmental Systems was completed, with the goal of enabling federal agencies and decentralized bodies to implement environmental management systems in their offices so as to reduce the ecological impact of their own daily activities.

Conservation of Biodiversity

- Four new protected natural areas (*Áreas Naturales Prometidas*—ANPs) were established by decree: Laguna Madre and the Río Bravo Delta, Balan Ka'an, the Islas Marietas and the San Lorenzo Archipelago, along with the Isla Guadalupe, whose classification and boundaries were modified when it became a Biosphere Reserve. This brought the total number of ANPs to 154 and added another 871,633 hectares of protected land, for a total of 18,727,860 hectares, or 9.5 percent of the land under national jurisdiction.
- As part of the continuing process of consolidation within the seven regions with ANPs (Yucatán Peninsula, Southern Border, Northeast, Northwest, West, Gulf-Central and Southern Pacific), both decentralization and the redistribution of functions were implemented in the regional offices with respect to both direct (protection, sustainable management and restoration) and indirect (conservationist culture, understanding and management) ANP tasks.
- A workshop for specialists was held to identify sites of particular importance for the preservation of coastal and oceanic biodiversity in Mexico. This workshop was a joint project of the National Commission of Protected Natural Areas (*Comisión Nacional de Áreas Naturales Protegidas*—Conanp), Pronatura, The Nature Conservancy-Mexico Program (TNC) and Conabio. 105 sites representing nearly 34 million hectares were assigned priority status, only 18 percent of which are represented in the current network of protected areas (*Áreas Protegidas*—APs). 2,881 islands and keys were simultaneously identified and their information entered into a database that includes both their geographic and registered biological diversity.
- In June 2005, Mexico added four new sites to the Ramsar List of Internationally Recognized Wetlands, bringing to 55 the total number of Ramsar sites in the country. This added 13,960 hectares for a total of 5,115,393 hectares protected under this international convention.
- An additional 576 Wildlife Conservation Management Units (*Unidades de Manejo para la Conservación de la Vida Silvestre*—UMAs), representing 1.31 million hectares, were established. This brought the total number of registered UMAs to 6,766, with a surface of 24.05 million hectares, equivalent to 12.24 percent of Mexico's national territory. This designation provides for the conservation through sustainable use of species and subspecies of Mexican forest life and their habitat. UMAs create alternative sources of employment, generate income and currency, enhance the value of biodiversity, encourage the survival and evolutionary processes of woodland species on national land, contribute to forestalling climate change by generating environmental services such as the preservation of hydrological cycles, nitrogen fixation, soil formation, carbon capture, erosion control, plant fertilization, biological control of pests or the decomposition of organic waste, and they help combat illegal trade in and privatization of samples, parts and by-products of forest life.
- As part of the commitment to the creation of new subcommittees, a group was constituted called the Technical Advisory Subcommittee for the Preservation and Management of Coastal Fowl and Their

Habitats in Mexico (*Subcomité Técnico Consultivo para la Conservación y el Manejo de las Aves Playeras y su Hábitat en México*), which refers to the species found in our country, including those listed in NOM-059-Semarnat-2001. As a result, there are now 26 subcommittees.

- Within the framework of the green research agenda, a number of studies were conducted on the bioiversity of flora and fauna in different regions of the country, the ecological restoration of priority habitats, the sustainable management of natural resources, the evaluation of the environmental impact of resurfacing the All American Canal on the wetlands of the *Mesa de Andrade* and the designation of the polygon [area] of protection for the *vaquita marina* [vaquita porpoise], among others.
- With financing obtained through the Temporary Employment Program (*Programa de Empleo Temporal*), projects were launched to preserve and reverse the deterioration of non-forested land (P\$14 million), to protect habitats for the conservation of forest life (P\$5.4 million), to prevent forest fires, for reforestation and for projects on forested land (P\$15 million).
- The Office of the Federal Attorney for Environmental Protection (*Procuraduría Federal de Protección al Ambiente—Profepa*) conducted 81,234 phytosanitary inspections, which led to the detection of 223 shipments of infested forest products and by-products (insects or fungi), 55 of which were severe enough to require quarantine, representing a decline of 76.5 and 66 percent respectively in the number of infested shipments detected compared to the preceding period.
- In order to comply with the provisions set forth in the rules governing forests and to avoid the spread of pests and diseases in the nation's woodlands, 382 forest remediation notices were issued during this period, requiring cleanup in 22 localities with a total surface of 11,918 hectares and a total round wood volume of 352,957 m³, which led to the protection of more than 600,000 forested hectares.
- Under the banner of *Bosques de la Cruzada*, 74 reforestation projects were undertaken in the entire country, with citizen participation. The program's success was due in part to a strong media campaign, which helped disseminate public service messages about forest and water culture and promoted other activities related to this campaign.
- Through the National Program for Forest Ecosystem Conservation and Restoration (*Programa Nacional de Conservación y Restauración de Ecosistemas Forestales—Procoref*), whose budget in 2005 of P\$235.2 million was an increase of 8.9 percent over that of 2004, 161,049 hectares were reforested, 36.32 tons of seeds from different species were harvested, 129.95 million plants were produced; 16 germplasm production units were established over an area of 175,022 hectares; protective actions were carried out on 632,358 hectares, conservation and restoration actions were undertaken on 35,594.1 hectares; by the same token, in the realm of forest health, phytosanitary diagnostic projects were implemented on 192,729 hectares, phytosanitary treatment was conducted on 29,446 affected hectares, and measures were taken to contain emergent outbreaks of defoliation on 7,201 hectares, among other actions.
- IMTA continued to work on research and technological development projects directed toward the rational use, sustainable management and conservation of water. In support of its activities, the institute's budget increased to 177.9 million pesos by way of direct federal government transfers and 160.7 million pesos from self-generated income for the year, for a total of 338.6 million pesos.
- Conabio continued to pursue activities intended to strengthen the National Biodiversity Information System (*Sistema Nacional de Información sobre Biodiversidad—SNIB*), by providing financial support for research projects aimed at enhancing the biographical and ecological databases of information systems covering such areas as the detection of hot spots, geographical information, and information on modified living organisms (*organismos vivos modificados*, or OVM). Over the course of this year, 229 applications for financial support were received, of which 90 were approved and 69 brought to conclusion. At the same time, more than 14,000 of the scientific terms that constitute the archive of the catalogues of authorities of the SNIB were updated, and an additional

- 7,670 scientific names of plants, fish and arthropods were added, while support was provided to the Ministry of Agriculture, Stockbreeding, Rural Development, Fisheries and Food (*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación*—Sagarpa) for 35 requests to release OVMs corresponding to 221 cases (host organism per instance of genetic modification per release site). File entries on 94 exotic species were published on the Conabio's website.
- Conabio provided follow-up on the implementation of the National Biodiversity Strategy (*Estrategia Nacional de Biodiversidad*) by initiating processes for the development of “statewide studies and state strategies on biodiversity.” The state of Michoacán published its *Estudio de estado* in 2005.
 - As part of the Program of Collective Biological Resources (*Programa de Recursos Biológicos Colectivos*), two projects were launched, one on sustainable rural management of butterfly maguay in Chilapa, Guerrero, and the other to consolidate the Association of Maguay Growers and Mezcal Producers (*Asociación de Magueyeros y Mezcaleros*) of Chilapán, Guerrero. At the same time, a database of technical terms or words of common usage in the cultivation of maguay in Mexico was completed.
 - The workshop, entitled “Foro binacional de sensibilización sobre la problemática de especies invasoras en México,” was conducted in collaboration with the University of Nuevo León, with the goal of disseminating the theme and raising public awareness of the problem of invasive aquatic species. Participants in the workshop included Semarnat, through the Undersecretariat of Environmental Planning and Policy, the Undersecretariat for Environmental Management, the Undersecretariat of Environmental Promotion and Regulation and the General Coordination for Legal Affairs (*Coordinación General Jurídica*), along with Profepa, Conanp, Conagua and the INE.

Pollutants and Health

- As part of the Comprehensive Clean Beach Program (*Programa Integral de Playas Limpias*), along with Conacyt, Conagua consolidated the Water Research and Development Fund (*Fondo Sectorial de Investigación y Desarrollo sobre Agua*), to finance research on the control of pollution on tourist beaches. Similarly, in conjunction with the departments of Tourism and the Navy and the Federal Commission for the Prevention of Health Risks (*Comisión Federal para la Protección contra Riesgos Sanitarios*—Cofepris), the Mexican standard, NMX-Semarnat-2003 Protección al Ambiente-Requisitos, was drawn up along with procedures for obtaining quality certification for beaches. At the same time, 20 local committees of *Playas Limpias* were installed.
- In April 2005, the Program for Emergency Air Quality Control in Salamanca 2003–2006 (*Programa de Contingencias Ambientales Atmosféricas en Salamanca 2003–2006*) was presented. The Program for Emergency Air Quality Control in the Valley of Mexico (*Programa de Contingencias Atmosféricas de la Zona Metropolitana del Valle de México*) is currently being revised in order to hacer más estrictos sus niveles de activación and to reduce the risks of damage to public health. In addition, within the framework of programs designed to improve air quality (Proaire), the chief instrument designed to reverse the trend toward worsening air quality in different Mexican cities, which is currently being applied in eight metropolitan zones (Valle de México, Guadalajara, Monterrey, Valle de Toluca, Ciudad Juárez, Mexicali, Tijuana-Rosarito and Salamanca), the emissions inventory for the metropolitan zones of Monterrey and Guadalajara was updated, in order to reactivate their respective Proaire. At the same time, in order to develop integrated improvement programs, diagnostic air quality tools were designed in the Comarca Lagunera and the Región Tula-Tepeji, in the states of Coahuila-Durango and Hidalgo, respectively.
- The total authorized capacity for the handling of hazardous industrial waste on 31 December 2004, climbed to 10,262,000 tons/year in reuse, recycling, treatment and incineration. Between January and December 2005, additional infrastructure for the handling of dangerous waste was authorized,

amounting to an installed capacity of 1,135,000 tons/year. The total infrastructure installed by December 2005 allows for the processing of 11,397,000 tons of waste, which equals 130.9 percent of the volume generated annually (eight million tons/year). A key achievement in the realm of hazardous waste was the improvement in the procedure known as a “Notification of Registration as a Business Source of Hazardous Waste” (*Aviso de inscripción como empresa generadora de residuos peligrosos*).

- Regarding toxic chemical substances, the National Ecological Institute (*Instituto Nacional de Ecología—INE*) completed two studies, the first to determine blood levels of heavy metals (lead and arsenic) and persistent organic pollutants (polychlorinated biphenyls, p,p'-DDE, hexachlorobenzene, mirex and lindane) in children between six and nine whose schools are located in nine potentially contaminated sites in Mexico, and the second to identify the risk associated with high lead levels in the town of Vetagrande, Zacatecas. At the same time, the INE database on pesticides was updated in accordance with the Official Pesticide Catalogue (*Catálogo Oficial de Plaguicidas*) of the Intersecretarial Commission on the Control of the Process and Use of Pesticides, Fertilizers and Toxic Substances (*Comisión Intersecretarial para el Control del Proceso y Uso de Plaguicidas, Fertilizantes y Sustancias Tóxicas—Cicoplafe*).
- In relation to water quality, Conagua improved its ultraviolet solar household disinfection system. By using a solar concentrator and titanium dioxide glass rings, solar exposure time was reduced from 12 hours to 15 minutes with no regrowth of bacterial colonies. Projects were begun in the state of Morelos aimed at establishing the bases for a cleanup program in the River Apatlaco basin. The initial phase identified the critical stretches of the river as well as the precise points of origin of the primary pollutants, and identified an immediate solution for reducing the organic component of municipal waste disposal.
- Air quality programs (Proaire) are regarded as the primary instrument thus far developed for reversing the trend toward declining air quality in different Mexican cities. Proaire programs are currently being implemented in the metropolitan zones of the Valle de México, Guadalajara, Monterrey, Valle de Toluca, Ciudad Juárez, Mexicali, Tijuana-Rosarito and Salamanca. Furthermore, data from the atmospheric monitoring systems in Guadalajara, Ciudad Juárez, Mexicali, Monterrey, Puebla, Rosarito, Salamanca, Tecate, Tijuana, Toluca, Valle de México, Celaya, Irapuato and León have been entered into the National Air Quality Information System (*Sistema Nacional de Información de la Calidad del Aire—Sinaica*).

Environmental Law and Policy

- Nine public policy priorities were established in the areas of environmental and natural resources : the defense of woodlands, soil and plant cover; the defense of the nation's waters and the move towards cross-sector approaches in public policy to promote sustainable development; biodiversity and its environmental services; land use action plans in critical regions and zones; environmental infrastructure; citizen participation; the pursuit of justice through legal means; the international agenda; and aspects of good governance and administrative modernization.
- Activities geared toward facilitating environmental management continued through Regulatory Improvement Programs (*Programas de Mejora Regulatoria*), with the goal of increasing coherence and transparency within the environmental regulatory framework, generating more certainty with respect to details and encouraging long-term sustainable investment. In this regard, the application of the 2003–2005 Biennial Regulatory Improvement Program (*Programa Bienal de Mejora Regulatoria 2003–2005*) was completed, having reported an advance of 85.5 percent as of June 2005, with respect to regulatory and improvement pre-projects and the revision of existing procedures as well as high-impact procedures leading to administrative simplification.

- Various Mexican official standards (*Normas Oficiales Mexicanas*—NOM) were published and revised with respect to the sustainable use of natural resources and environmental protection, specifically as they concern the safety of imported fresh-cut timber and natural Christmas trees; environmental protection associated with waste incineration, along with the selection of final storage sites for solid urban waste, and the special management and location of sites for the controlled containment of previously stabilized hazardous waste; the management of water connately associated with hydrocarbons; and the maximum permissible limits for soil hydrocarbons, among other topics.
- Direct regularization and activity affecting the environmental management of industry continued through the granting of sole environmental permits (*licencias ambientales únicas*—LAU), instruments that set forth the necessary operating conditions for the prevention of polluting emissions. On 30 September 2004, the Citizens' Letter of Agreement (*Carta Compromiso al Ciudadano*—CCC) was signed, with the goal of defining, measuring and communicating the service standards each agency commits itself to uphold, as well as to maintaining continued improvement in their efficiency and efficacy. Along similar lines, by June 2005, full compliance with the agreed-on service standards had been achieved, and work had begun on creating an Internet consultation system on the jurisdiction of the industrial establishment for the application of LAUs, as well as developing a Manual for the Technical and Regulatory Evaluation of LAU Applications (*Manual para evaluación técnica y normativa de solicitud de LAU*), which will permit standardized nationwide assessments to be conducted. From September 2004 to July 2004, 62 LAUs were issued: 80 percent corresponded to enterprises operating in the absence of such authorization, 8 percent to new factories, and 12 percent to establishments requesting the renewal of existing licenses.
- In terms of land-use planning, follow-up work has continued regarding the organizational processes for environmental planning in four priority regions: the Gulf of California, the Burgos Basin Region, the Valley of México Basin and the Popocatépetl volcano, along with the area immediately surrounding it. The state governments of Coahuila, Tamaulipas, Nuevo León, Estado de México, Puebla, Morelos, Distrito Federal, Hidalgo, Tlaxcala, Baja California Sur, Baja California, Sonora, Sinaloa and Nayarit continue to play an active role in this process. Of these priority regions, the marine environmental planning process for the Gulf of California already has a solid monitoring committee; the committee for the Popocatépetl Volcano and its area of influence was constituted in October 2004; with regard to the Ecological Ordinance (*Ordenamiento Ecológico*) of the Valley of México Basin, the bases for the Coordination Agreement (*Convenio de Coordinación*) have been established, which will permit its committee to be formed; and in the case of the Burgos Basin Region, the technical study of the process has already yielded the results of the initial phases of biophysical description and diagnosis.
- With regard to the management of the Federal Maritime Zone (*Zona Federal Marítimo Terrestre*), between September 2004 and August 2005, 3,463 decisions were issued concerning federal marine, land and coastal environments, of which 1,706 were approvals, and 1,757 were decisions involving other procedures, such as the issuance of approvals, import certificates, temporary permits, assignments, as well as denials, waivers or terminations. In September 2004, the Citizens' Letter of Agreement (*Carta Compromiso al Ciudadano*—CCC) for this procedure was created, establishing the commitment to providing service according to the criteria of opportunity, trustworthiness and transparency, offering users efficient attention and an egalitarian and equitable treatment. CCC coverage was established in the states of Campeche, Nayarit, Sinaloa, Quintana Roo and Veracruz, from which 66 percent of the 574 applications for approval were received nationally during this time frame.
- Design work was completed on the National Forestry Management System (*Sistema Nacional de Gestión Forestal*—SNGF) for a platform to be known as the National System of Procedures (*Sistema Nacional de Trámites*—Sinat), which will contain all procedures corresponding to the forestry sector. This automated information system allows for the interconnection of the various federal delegations, eliminates the need for them or other institutions in this sector to request and issue

periodic reports, and enables the National Forest Registry (*Registro Forestal Nacional*) and other databases in the realm of forestry to be automatically updated.

- Actions to protect natural resources were strengthened, which enabled Profepa to: seal five of the main regions dedicated to illegal traffic in live woodland species; the launch of nine operations with alternative sustainability programs; the installation of 161 committees under the auspices of Participatory Community Oversight (*Vigilancia Participativa y Comunitaria*), and the implementation of 18 special programs of Inspection and Oversight in ANPs (*Inspección y Vigilancia en Áreas Naturales Protegidas*). As a result of the inspection and patrol programs, it was possible to safeguard 44,215 cubic meters of wood, 449 tons of coal, 223,551 specimens of woodland life and 13 tons of fishery products, while handing over to the *Ministerio Público Federal* 161 presumed violators and issuing fines for a total of P\$43.7 million.
- A number of activities were undertaken to strengthen and update the environmental judicial framework, notably the publication of the Biosafety from Genetically Modified Organisms Act (*Ley de Bioseguridad de los Organismos Genéticamente Modificados*) and the General Act on Sustainable Forest Development (*Reglamento de la Ley General de Desarrollo Forestal Sustentable*); the proposal and discussion of the Access and Sustainable Use of Biological and Genetic Resources Act (*Ley de Acceso y Aprovechamiento de los Recursos Biológicos y Genético*); the evaluation of the initiative regarding environmental responsibility for harm to the environment or persons; the development of proposed rules under the General Act for the Prevention and Comprehensive Management of Wastes (*Ley General para la Prevención y Gestión Integral de los Residuos*) and the Federal Wildlife Act (*Ley General de Vida Silvestre*).
- From September 2004 to July 2005, 386 projects related to works and service activities of the agrofishing, urban development, forestry, gas, hydraulic, industrial, mining, fishing, oil, tourism and general communication sectors were evaluated in terms of their environmental impact. Of these, 381 projects were approved.
- As part of the programs Semarnat has established within the framework of the National Development Plan (*Plan Nacional de Desarrollo*) and the Environmental Sector Program (*Programa Sectorial de Medio Ambiente*), agreements on the Decentralization of Functions with Respect to Woodland Life (*Descentralización de Funciones en Materia de Vida Silvestre*) were signed with the governments of Chihuahua and Sonora, on June 9th and 15th, 2005, respectively.

Citizen Participation

- Five public information meetings were held to discuss the environmental impact of the following projects: Proyecto Hidroeléctrico La Parota, in Guerrero; Programa Maestro de Desarrollo 2000–2010, in the Port de Manzanillo and Camino de Acceso al Mogote, in La Paz, Baja California Sur; the Extóraz Dam, in Querétaro and, the Cerro de la Silla Cablecar, in Monterrey, Nuevo León, with the participation of 1,434 citizens.
- The first National Forum for Research on Persistent Organic Pollutants (*Foro Nacional de Investigación sobre Contaminantes Orgánicos Persistentes*) was held with the participation of members drawn from the academy, nongovernmental organizations and government representatives.
- A total of 2,635 citizen applications and proposals on a range of topics was received and reviewed, of which 666 were processed through the Coordination for Citizen Attention of the Presidency (*Coordinación de Atención Ciudadana de la Presidencia de la República*) and 1,969 were received directly by Semarnat.
- Within the framework of the National Consultative Council for Sustainable Development (*Consejo Consultivo Nacional para el Desarrollo Sustentable—CCDS*) and the five regional councils (Northeast, Northwest, Center, Center-West and South-Southeast), ongoing citizen participation was

encouraged in the planning, execution, evaluation and follow-up of environmental and natural resource policy, by reappointing the members of the regional CCDS for the period 2005–2007 and by creating a 91-member National Council (*Consejo Nacional*) for the same period; six introductory workshops were held for the new council member. With regard to the process of responding to the recommendations and requests made by the CCDS, 14 of the 15 pending recommendations received attention and a response.

- With the aim of strengthening the participation of the members of the river basin committees in the planning and decision-making process as regards water management in their respective watersheds, a training program was conducted for committee members from the rivers Balsas, Coatzacoalcos, Papaloapan and Tuxpan-Jamapa river basins. Manuals and other pedagogical aids were prepared for use in workshops on topics related to water legislation, integrated resource management and organization, and the functioning of the river basin committees themselves.
- Concerning indigenous communities, a number of actions were conducted linked to participatory planning processes, workshops and informational meetings, the dissemination and promotion of institutional services, as well as the exchange of successful experiences in the sustainable management of natural resources, the most notable of which was the completion and presentation of the Methodological Guide for Local Community Ecological Management (*Guía metodológica para el ordenamiento ecológico local-comunitario*) to employees from the government, nongovernmental organizations and representatives from indigenous communities of the states of Chiapas, Oaxaca and Veracruz.
- Within the framework of the National Forest and Water Crusade (*Cruzada Nacional por los Bosques y el Agua*) various conference cycles, courses, workshops, exhibitions and fairs were held to increase public awareness of the importance of citizen participation. Throughout Mexico, 74 reforestation projects identified as Campaign Forests were conducted with citizen participation, accompanied by public interest campaigns about forest and water preservation. This campaign was supported by a range of programs and activities conducted by Conafor and Conagua, including the Program for the Conservation and Restoration of Forest Ecosystems (*Programa de Conservación y Restauración de Ecosistemas Forestales—Procoref*), which incentivates the owners of forested land throughout Mexico to contribute to the protection, preservation and restoration of forest resources through activities geared to the reforestation, health, conservation and restoration of degraded soil by means of economic support granted by Conafar, and the regionalization of financial resources to regional agencies, with a view to supporting the Citizens' State Water Councils (*Consejos Ciudadanos del Agua Estatales—CCAE*), among other things, in the process of identifying successful local projects to be presented in the IV World Water Fair (*Foro Mundial del Agua*), which was held in Mexico in March 2006.
- Regarding the application of the Federal Act on Transparency and Access to Governmental Public Information (*Ley Federal de Transparencia y Acceso a la Información Pública Gubernamental*), 1,743 requests for access to information were received and duly processed, which puts Semarnat in fourth place in the entire federal governmental administration.
- An advance of 66 percent was achieved in the construction of the National Environmental and Natural Resources Information System (*Sistema Nacional de Información Ambiental y Recursos Naturales—SNIARN*), under such rubrics as an increase in the national inventory of statistical and geographical information, the distillation and corroboration of information received, the development of a Geographical Information System (*Sistema de Información Geográfica*) and in dissemination.
- Regarding the National System of Environmental Indicators (*Sistema Nacional de Indicadores Ambientales*), 134 categories were justified, documented and tabulated under eight over-arching themes: atmosphere (air quality, climate change and thinning of the stratospheric ozone layer), water (quality and availability), soil, local solid waste, hazardous waste, biodiversity, forest resources and fishery resources.

- Within the framework of the Program for Gender Equity, the Environment and Sustainability (*Programa de Equidad de Género, Medio Ambiente y Sustentabilidad*), support was offered to 13 sustainable development projects advanced by women's groups. An overall budget of P\$1,037,845 was distributed to 36 localities in nine states of the Mexican Republic (Chiapas, Estado de México, Oaxaca, Puebla, Campeche, Hidalgo, Veracruz, Tabasco and Jalisco), directly benefitting 664 individuals (123 men and 541 women). At the same time, support was given to processes of civic participation, such as that of the Gender and Environmental Network (*Red de Género y Medio Ambiente*) in drawing up the blue women's agenda, and for a meeting of experts on gender and water, both in advance of the IV World Water Forum. Similarly, 57 actions were taken with a view to promoting the institutionalization and transversality of a gender perspective in the environmental sector, with the participation of entities such as Conanp, Conafor, the IMTA and federal delegations, among others.

For Further Information, Consult:

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

United States Progress Report, 2005

Country Report on Implementation of the Commitments Derived from the NAAEC

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

Introduction

The information included in this section of the 2005 Annual Report is intended to highlight certain activities and developments related to environmental protection for the calendar year 2005. It does not represent the full range of activities undertaken by the US government with the NAAEC, nor is it intended to reflect environmental efforts at the state, tribal, territory, or local level.

Most significant successes in fulfillment of obligations under the agreement

- The US Environmental Protection Agency (EPA) completed a rule authorizing a supplemental critical use exemption of 610,665 kilograms of methyl bromide for 2005, in accordance with the Clean Air Act and the Montreal Protocol. The exemptions for continued production and import of methyl bromide will honor the US commitment to obtain methyl bromide for American farmers, in a manner consistent with the Montreal Protocol, while protecting the ozone layer.
- EPA announced that enforcement actions concluded in fiscal year 2005 would reduce a projected 1.1 billion pounds of pollution and require cleanups estimated to total a record \$10 billion—significant increases compared with 2004.
- EPA launched a new webpage in Spanish dedicated to providing information on different environmental issues and their effects among Hispanics residing in the United States. The new page, "El medio ambiente y su salud," *The Environment and Your Health*, focuses on a different issue every month. The website address is <http://www.epa.gov/espanol/saludhispana/index.htm>.
- EPA announced the results of the most detailed, comprehensive analysis of air ever conducted by the Agency. The legislative and regulatory analyses compared several cap-and-trade approaches aimed at reducing sulfur dioxide, nitrogen oxides, and mercury emissions from coal-fired power plants. The cuts in pollution would provide substantial health benefits by imposing a mandatory multi-pollutant cap on emissions from more than 1300 power plants nationwide, reducing pollution by as much as 9 million tons annually at full implementation. The US expected to achieve this goal by spending more than \$47 billion in large part to install, operate and maintain pollution abatement technology on both old and new power plants.

State of the environment

- EPA released the Toxics Release Inventory (TRI) facility-level data for Reporting Year 2004 to better inform communities. These were released through the Electronic Facility Data Release (e-FDR), which displays the TRI data exactly as received by EPA—one form for each chemical at a facility. The e-FDR is intended to get data to communities faster—not to replace the PDR.
- EPA released a report showing that, with the help of Energy Star, Americans saved about \$10 billion and the amount of energy required to power about 25 million homes during peak power. The report also stated Energy Star, a government-backed program helping businesses and individuals protect

the environment through superior energy efficiency, and EPA's other voluntary programs, together prevented 57 million metric tons of greenhouse gas emissions, an increase from 48 million in 2003.

- Officials from the US Department of the Interior (DOI), the National Geographic Society and ESRI (a geospatial information technology company) announced a collaboration that would make sophisticated geospatial resources accessible to laypersons interested in maps and geography, as well as to professionals.
- Officials from the [National Oceanic and Atmospheric Administration](#) (NOAA) joined representatives from 15 Latin American nations for the Earth Observation Partnership of the Americas in Buenos Aires. Participants discussed implementing new strategies to quicken and strengthen the development of the [Global Earth Observation System of Systems](#) in the region, including the exchange of satellite resources to improve tracking of [weather](#), [climate](#) and other environmental trends, and to improve training among scientists.

Changes in level of protection

- EPA and Vineland School District in New Jersey announced the completion of a project under the Clean School Bus USA program to reduce emissions from 143 school buses. The completed grant project of tailpipe emission upgrades and anti-idling techniques would improve air quality for Vineland's 10,600 students. EPA provided a \$180,000 grant to Vineland schools for this project in 2004.
- EPA awarded more than \$40 million in grants for environmental protection projects to tribes in California, Arizona and Nevada.
- EPA's Green Power Partnership grew to 600 partner organizations, purchasing more than 3 billion kilowatt hours (KWh) of green power annually, enough to power 300,000 American homes each year. This voluntary program includes Fortune 500 companies, universities, and local, state, and federal agencies.
- EPA issued final emission standards for hazardous waste combustors that would remove mercury, lead, particulate matter, arsenic and other hazardous pollutants from the environment. The National Emissions Standards for Hazardous Air Pollutants reduce emissions from incinerators, lightweight aggregate kilns, boilers and process heaters, and hydrochloric acid production furnaces, known collectively as hazardous waste combustors. EPA estimated that 145 facilities operating 265 existing hazardous waste burning devices would be affected by this rule, which requires them to use the maximum achievable pollution control technology (MACT).
- The views at America's national parks and wilderness areas gained further protection with the Clean Air Visibility Rule signed by the EPA Administrator. Under the rule, states are required to identify older industrial facilities and power plants that affect visibility in specially protected areas. To help achieve the Clean Air Act's long-term goal to restore visibility in those areas, states would then determine the types of emission controls that those facilities must use to control their emissions, resulting in improved visibility, air quality, and public health.
- EPA published new federal rules regulating air emissions within the boundaries of 39 Indian reservations in Idaho, Oregon and Washington. The Federal Air Rules for Reservations (FARR) took effect on 7 June 2005.
- The Clean Air Mercury Rule, a rule that would significantly reduce mercury emissions from coal-fired power plants across the country, was signed. Taken together, the Clean Air Interstate Rule and the new Clean Air Mercury Rule would reduce electric utility mercury emissions by nearly 70 percent from 1999 levels when fully implemented.
- DOI commemorated the 12th International Migratory Bird Day by signing a declaration of intent with Canada and Mexico to strengthen cooperation on bird conservation. DOI also announced \$3.9 million in grants to conserve birds throughout the Americas and the Caribbean.

- DOI announced the completion of an environmental review that would allow the Bureau of Land Management to significantly expand its wind energy program on public lands while ensuring the conservation of threatened and endangered species and migratory birds.
- NOAA's National Marine Sanctuary Program unveiled a free online resource that highlights the diverse marine life of America's ocean and Great Lakes treasures. The "Encyclopedia of the Sanctuaries" (<http://marinelife.noaa.gov/>) offers photos, streaming video and important facts for more than 100 key animal and plant species from each of the national marine sanctuaries.

Government enforcement action

- EPA enforcement actions in fiscal year 2005 resulted in legal commitments by companies, governments and other regulated entities to reduce a projected 1.1 billion pounds of pollution and require that they spend a record \$10 billion to come into compliance with environmental laws. This was an increase of \$5 billion over the previous year. EPA's criminal enforcement program helped to successfully prosecute some of the largest environmental crimes in history in FY 2005, with judges imposing significant sentences and large criminal fines. Most annual measures of the agency's enforcement and compliance activity surpassed or kept pace with previous years, indicating continued progress in deterring violations of the nation's environmental laws.
- The US reached a settlement with DaimlerChrysler Corporation (Chrysler) to repair defective emission controls on nearly 1.5 million Jeep and Dodge vehicles from model years 1996 through 2001. The agreement also settled allegations that the company violated the Clean Air Act (CAA) by failing to properly disclose defective catalytic converters installed on the affected vehicles. The total estimated cost to Chrysler to implement the settlement is \$90 million.
- EPA announced that DuPont would pay \$10.25 million—the largest civil administrative penalty EPA had ever obtained under any federal environmental statute—to settle violations alleged by EPA over the company's failure to comply with federal law. Under the settlement, Dupont committed \$6.25 million for Supplemental Environmental Projects (SEPs).
- EPA Region 6 enforcement actions in fiscal year 2005 resulted in pollution reductions of 163 million pounds. This was a significant increase over the previous year.
- EPA Region 2 took actions that would reduce pollution of the land, air and water by an estimated 83 million pounds and require cleanups or corrective actions worth an estimated \$587 million.
- EPA increased its enforcement actions in 2005 against polluters in the Pacific Islands such as Guam, American Samoa and the Mariana Islands by 40 percent over 2004 efforts.
- EPA's enforcement program posted a banner year in Arizona and on tribal lands in fiscal year 2005, requiring cleanups totaling \$2.36 million in Arizona and \$750,000 on Navajo lands in New Mexico and Utah.
- The US Department of Justice (DOJ) and EPA announced the settlement of their landmark Clean Air Act case alleging that Ohio Edison Company, a subsidiary of FirstEnergy Corp., violated the New Source Review (NSR) provisions of the Clean Air Act at the W.H. Sammis Station, a coal-fired power plant in Stratton, Ohio. The states of New York, New Jersey and Connecticut, who were co-plaintiffs in the government's lawsuit, also joined the settlement. The consent decree agreed to by Ohio Edison would reduce emissions of harmful sulfur dioxide (SO₂) and nitrogen oxides (NO_x) from the Sammis plant, as well as from other Ohio Edison and FirstEnergy coal-fired power plants, by over 212,000 tons per year. The pollution controls and other measures required by the consent decree are expected to cost approximately \$1.1 billion.
- DOJ and EPA announced a comprehensive Clean Air Act settlement with ConocoPhillips that was expected to reduce harmful air emissions by more than 47,000 tons per year from nine US petroleum refineries in seven states that represent nearly 10 percent of total refining capacity in the United States.

Future Plans in Implementing the Agreement

- EPA issued new standards for Americans to use nearly three percent of clean-burning, domestic renewable fuels such as ethanol starting in 2006. Authorized by the Energy Policy Act of 2005, the standard was the first step in EPA's Renewable Fuels Standard Program, designed to reduce vehicle emissions and strengthen US energy security by doubling the use of fuels produced from American crops by 2012.
- EPA joined other federal, state, local and tribal officials in unveiling the Great Lakes Regional Collaboration Strategy that would serve as a blueprint for prioritizing future actions to restore and enhance the lakes. EPA also committed to specific actions among federal agencies to accelerate cleanup of contaminated sediment, return another 200,000 acres of wetlands to ecological health in equal partnership with the states, reduce the spread of invasive species and make beaches cleaner.
- More than 50 organizations, the US Department of Energy and EPA developed a leadership group to launch an aggressive new national commitment to energy efficiency. The joint effort could substantially increase utility funding for energy efficiency and could save customers \$200 to \$300 billion on energy bills over the next 15 to 20 years.
- United States government officials and their counterparts in 16 countries committed to accelerated action to recover and use methane as a clean energy source at the second annual Methane to Markets Partnership meeting. Key actions included the addition of Ecuador as the 17th member of the partnership and a commitment from the partners to increase participating countries and the number of projects worldwide.
- Representatives from EPA and Semarnat, Mexico's Ministry of Environment and Natural Resources, met in Tijuana, Mexico, to announce significant policy changes that would improve the air quality for 12 million residents along the US-Mexico border.
- The US announced a partnership aimed at reducing household energy costs by 10 percent over the next decade while improving our nation's air. The Partnership for Home Energy Efficiency (<http://www.energysavers.gov>) would provide energy saving solutions for households across the country and support research and implementation of a new generation of energy efficiency technologies.

Conclusion

Calendar year 2005 was a successful year for the United States in fulfillment of our obligations under the North American Agreement on Environmental Cooperation. We have achieved success in the levels of protection attained, as well as in undertaking enforcement actions and planning for the future for the benefit of our shared environment. We look forward to implementing more actions in hopes of further improving the state of our environment in the years to come.

2005 Financial Statements

Financial statements of

**COMMISSION FOR
ENVIRONMENTAL COOPERATION**

December 31, 2005

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, 2005 and the statements of revenue and expenditures, 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, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

Chartered Accountants

March 28, 2006

COMMISSION FOR ENVIRONMENTAL COOPERATION

Statement of revenue and expenditures

year ended December 31, 2005

(in Canadian dollars)

	2005	2004
	\$	\$
Revenue		
Contribution - Canada (Note 4)	3,605,754	3,948,044
Contribution - Mexico (Note 4)	3,605,754	3,948,044
Contribution - United States (Note 4)	3,605,754	3,948,044
Other revenue	336,386	88,444
	11,153,648	11,932,576
Expenditures		
Expenses related to work program - Schedule	3,076,679	3,418,073
Expenses related to specific obligations - Schedule	324,162	776,123
Expenses related to the Council meetings - Schedule	172,804	250,906
Expenses related to the JPAC - Schedule	318,116	308,978
Expenses related to the Directorate operations	318,632	408,532
Expenses related to the ten-year review	-	202,204
Planning and evaluation	17,071	40,341
Public outreach	282,531	241,971
Salaries and fringe benefits	3,818,332	3,887,344
Relocation and orientation expenses	63,054	42,380
Office expenses	72,268	97,807
Telecommunications	80,056	88,500
Rent, utilities and office maintenance	681,108	649,350
External administrative support	236,594	227,897
Operating equipment	55,065	69,383
Expenditures related to contingency fund	96,378	92,564
Grants disbursed	-	399,588
Amortization of capital assets	101,766	97,427
Loss on foreign exchange	65,229	19,566
Loss on disposal of fixed assets	-	35,968
	9,779,845	11,354,902
Excess of revenue over expenditures	1,373,803	577,674

COMMISSION FOR ENVIRONMENTAL COOPERATION

Statement of capital year ended December 31, 2005 (in Canadian dollars)

	Invested in capital assets	Restricted for currency fluctuation	Unrestricted	Total	
	\$	\$	\$	2005 \$	2004 \$
Balance, beginning of year	288,992	518,900	785,670	1,593,562	1,015,888
Excess of revenue over expenditures (expenditures over revenue)	(101,766)	-	1,475,569	1,373,803	577,674
Investment in capital assets, net of financing	25,344	-	(25,344)	-	-
Balance, end of year	212,570	518,900	2,235,895	2,967,365	1,593,562

COMMISSION FOR ENVIRONMENTAL COOPERATION

Balance sheet

as at December 31, 2005

(in Canadian dollars)

	2005	2004
	\$	\$
Assets		
Current assets		
Cash and term deposits	2,993,964	3,461,125
Short-term investments	-	485,000
Goods and services tax	388,678	211,435
Receivable contributions	2,949,453	806,639
Advance to employees	6,905	10,885
Other receivables	64,256	-
Prepaid expenses	61,247	62,131
	6,464,503	5,037,215
Capital assets (Note 3)	252,850	314,158
	6,717,353	5,351,373
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	629,162	468,005
Deferred contributions (Note 4)	1,885,716	1,902,978
Other deferred income	46,818	44,362
Employee benefits (Note 5)	741,673	879,704
Current portion of obligations under capital leases (Note 6)	13,737	7,073
	3,317,106	3,302,122
Leasehold inducements	406,339	437,596
Obligations under capital leases (Note 6)	26,543	18,093
	3,749,988	3,757,811
Commitments (Note 8)		
Capital		
Investment in capital assets	212,570	288,992
Restricted for currency fluctuation	518,900	518,900
Unrestricted	2,235,895	785,670
	2,967,365	1,593,562
	6,717,353	5,351,373

Approved by the Council

..... Canada

..... Mexico

..... United States

COMMISSION FOR ENVIRONMENTAL COOPERATION

Statement of cash flows year ended December 31, 2005 (in Canadian dollars)

	2005	2004
	\$	\$
Operating activities		
Excess of revenue over expenditures	1,373,803	577,674
Adjustments for:		
Amortization of capital assets	101,766	97,427
Amortization of leasehold inducements	(31,257)	(273,150)
Loss on disposal of fixed assets	-	35,968
	1,444,312	437,919
Changes in non-cash operating working capital items (Note 7)	(2,371,129)	1,790,967
	(926,817)	2,228,886
Investing activities		
Short-term investments	485,000	(485,000)
Acquisition of capital assets	(13,687)	(162,268)
	471,313	(647,268)
Financing activities		
Repayment of capital lease obligations	(11,657)	(6,542)
Net (decrease) increase in cash and cash equivalents	(467,161)	1,575,076
Cash and cash equivalents, beginning of year	3,461,125	1,886,049
Cash and cash equivalents, end of year	2,993,964	3,461,125
Non-cash investing and financing activities		
Acquisition of capital assets under capital leases	26,771	-

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2005

(in Canadian dollars)

1. Nature of activities

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

2. Significant accounting policies

The financial statements are presented in accordance with Canadian generally accepted accounting principles including the following significant accounting policies.

Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with maturities of three months or less.

Capital assets

Capital assets are recorded at cost and are being amortized on a straight-line basis at the following annual rates:

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

Leasehold inducements

Leasehold inducements relate to the rental of office space by the commission. These inducements, which are amortized over the term of the lease, are offset against rent expenses.

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2005

(in Canadian dollars)

2. Significant accounting policies (continued)

Leases

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

Contributions

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

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

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

Foreign currency translation

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

Use of estimates

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

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2005

(in Canadian dollars)

3. Capital assets

	2005		2004	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment	385,050	307,891	77,159	104,215
Software	108,768	103,784	4,984	22,355
Furniture and fixtures	381,581	380,125	1,456	4,366
Telephone system	116,696	116,696	-	-
Equipment	171,343	171,343	-	5,414
Equipment financed under capital leases	63,777	26,652	37,125	24,055
Leasehold improvements	248,291	116,165	132,126	153,753
	1,475,506	1,222,656	252,850	314,158

4. Deferred contributions

	Canada	United Mexican States	United States	Total
	\$	\$	\$	\$
Balance, beginning of year	634,326	634,326	634,326	1,902,978
Contributions committed	3,600,000	3,600,000	3,600,000	10,800,000
Contributions transferred to revenue	(3,605,754)	(3,605,754)	(3,605,754)	(10,817,262)
Balance, end of year	628,572	628,572	628,572	1,885,716

5. Employee benefits

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

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2005

(in Canadian dollars)

6. Obligations under capital leases

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

	\$
2006	16,933
2007	16,933
2008	10,291
2009	2,019
	<u>46,176</u>
Less: amount representing interest charges	5,896
	<u>40,280</u>
Less: current portion	13,737
Balance	<u>26,543</u>

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

7. Changes in non-cash operating working capital items

	2005	2004
	\$	\$
Goods and services tax	(177,243)	58,573
Receivable contributions	(2,142,814)	1,402,605
Advance to employees	3,980	130,088
Prepaid expenses	884	(46,560)
Other receivables	(64,256)	-
Accounts payable and accrued liabilities	161,157	(346,938)
Deferred contributions	(17,262)	(112,632)
Other deferred income	2,456	44,362
Employee benefits	(138,031)	209,091
Leasehold inducements	-	452,378
	<u>(2,371,129)</u>	<u>1,790,967</u>

COMMISSION FOR ENVIRONMENTAL COOPERATION

Notes to the financial statements

year ended December 31, 2005

(in Canadian dollars)

8. Commitments

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

	\$
2006	334,688
2007	334,688
2008	334,688
2009	407,901
2010	407,901
Thereafter	3,681,568
	<u>5,501,434</u>

- b) The Commission has commitments of \$1,488,851 related to environmental projects and of \$396,865 related to administration and support, for a total of \$1,885,716.

9. Financial instruments

Currency risk

The Commission realizes 67% of its revenues and approximately 43% of its expenses in U.S. dollars and is thus exposed to foreign exchange fluctuations. The Commission does not actively manage this risk.

Fair value

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

COMMISSION FOR ENVIRONMENTAL COOPERATION

Schedule

**Expenses related to the work program, specific obligations
under North American Agreement, Council meetings,
Joint Public Advisory Committee (JPAC) meetings**
year ended December 31, 2005
(in Canadian dollars)

	2005	2004
	\$	\$
Work program		
Professional fees	1,803,962	2,041,083
Travel, accommodation and meeting expenses	735,533	843,834
Translation and interpretation	194,328	248,930
Publications	223,347	189,825
Office expenses	119,509	94,401
	3,076,679	3,418,073
Specific obligations under North American Agreement on Environmental Cooperation		
Professional fees	166,498	354,592
Travel, accommodation and meeting expenses	42,397	162,087
Translation and interpretation	49,148	80,477
Publication	24,983	113,560
Office expenses	41,136	65,407
	324,162	776,123
Council meetings		
Translation and interpretation	55,915	65,738
Travel, accommodation and meeting expenses	108,560	177,898
Office expenses	7,504	6,520
Professional fees	825	750
	172,804	250,906
Joint Public Advisory Committee (JPAC) meetings		
Travel, accommodation and meeting expenses	242,593	206,384
Translation and interpretation	26,772	57,557
Professional fees	38,786	36,514
Office expenses	9,965	8,523
	318,116	308,978