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1 Overview: Challenges and Opportunities for Environmental Cooperation in the Context of Greater North American Economic Integration

The CEC has made important progress in supporting environmental sustainability in the context of free trade and promoting stewardship of the North American environment. Below are some highlights of key advancements that together contribute to the North American partnership our three countries embarked on in 1994.

It has produced **high-quality information** relevant to several policy issues, including:

- Analysis of the environmental effects of trade in North America, including the ***Proceedings of the first North American Symposium on Understanding the Linkages between Environment and Trade*** and further work on how to best examine the environmental effects of trade on the North American environment, summarized in ***Understanding and Anticipating Environmental Change in North America: Building Blocks for Better Public Policy***.
- The first such study for North America, ***The North American Mosaic: A State of the Environment Report***, providing an overview of areas where progress has been made and where pressures put ecosystems or resources at risk. It provides an important basis for future analysis of environmental trends for our three countries.
- The sixth annual report in the ***Taking Stock*** series, providing a five-year review of trends in toxic releases and transfers in North America from 1995 to 1999.
- The assessment of national **air pollution inventories** and areas for future work to enhance information comparability, quality, and exchange; as well as analysis of the potential for a common emissions data exchange format.

The CEC realizes important benefits such as greater synergy and efficiency by working with international organizations and other groups in the public and private sector. Collaboration among these groups have resulted in key advancements and successes in areas of **capacity building and information**. For example:

- A partnership with the Association of **Mexican Chambers of Commerce (Concamin)**, with the support of the **Canadian and US International Business Councils**, demonstrating the feasibility and value of micro-financing to integrate pollution prevention into the operation of small and medium-size enterprises in Mexico. The revolving fund, *Fiprev*, is being enhanced by two new partners, the Mexican **Ministry of Economic Development (Secretaría de Economía)** and Mexico's national development bank, **Nacional Financiera (Nafinsa)**.
- Joint efforts with the **US National Science Foundation**, the **Smithsonian Institution**, **Agriculture Canada** and **Conabio (Comisión Nacional para el Conocimiento y Uso de la Biodiversidad)**, the **US National Biological Information Infrastructure (NBII)**, **Environment Canada**, **EPA**, **NOAA**, **Atlas Canada** and the **National Institute of Ecology-Semarnat, IABIN (Inter American Biodiversity Information Network)**, the **Convention on Biological Diversity-Clearinghouse Mechanism (CBD-CHM)**, and the **Global Biodiversity Information Facility (GBIF)**, have led to the strengthening of the North American Biodiversity Information Network, making hundreds of valuable databanks accessible.
- The CEC is working together with the **UN Environment Program (UNEP)** and the **OECD** in regional environmental reporting.
- The CEC has worked with **UNEP** to facilitate the implementation of several international agreements, including the **Global Program of Action, to address Land-based Sources of Marine Pollution** and the **Stockholm Convention on Persistent Organic Pollutants (POPs)**.

- The CEC is working with the **Pan American Health Organization (PAHO)** to help Mexico share its success in eliminating the use of DDT under the CEC's Sound Management of Chemicals Initiative with Central America with the support of the **Global Environment Facility (GEF)** and **UNEP**.
- Together with the **Western Governors Association**, the CEC is helping Mexico develop air emissions inventory information and, in collaboration with the **US/Mexico Foundation for Science**, the CEC has helped Mexico establish an association of Mexican air quality professionals.

As the economic partnership under NAFTA strengthens, there are important areas where **complementary environmental protection** efforts are important. The CEC has expanded and made more solid frameworks for cooperation to develop common approaches to key environmental concerns. They include:

- Setting limits for specific pollutants and developing common strategies to reduce or phase them out under the **Sound Management of Chemicals** initiative. Building on the success of phasing out DDT and chlordane in North America, the CEC is developing new **North American Regional Action Plans** (NARAPS) to reduce dioxins, furans, and hexachlorobenzene, and environmental monitoring and assessment. Council is considering the development of a NARAP for lindane.
- An analysis of the environmental dimensions of the evolving electricity markets in North America, prepared in the **Report to Council on the Environmental Challenges and Opportunities of the North American Electricity Market** under Article 13 of the North American Agreement on Environmental Cooperation (NAAEC).
- Developing an analysis of **hazardous waste** management standards and potential for the development of a North American electronic manifest system for the tracking of hazardous waste movements across borders.
- The development of a draft agenda for trilateral action on **children's health and the environment** in North America.
- The development of a strategy for the conservation of North America's **biodiversity**, including identifying priority actions for addressing aquatic invasive species.
- A review of potential areas of cooperation related to the sustainable use and conservation of **freshwater** in North America.

Employing **market-based instruments** for environmental protection offers possibilities for achieving environmental objectives effectively and efficiently. The CEC has moved beyond literature reviews on market-based approaches to exploring which have the potential for working in a North American market. Following Council's direction last year, the CEC has:

- Begun to explore key issues related to market mechanisms for promoting **energy efficiency, renewable energy and carbon sequestration**, including the publication of a report identifying opportunities for private sector investment in Mexico: **Mexico and Emerging Carbon Markets**.
- Initiated comparative analysis of **financial disclosure rules as they relate to environmentally related risk and liability** in Canada, Mexico and the US.
- Based on the success of the pollution prevention fund for Mexican small and medium-size enterprises, begun to explore the potential of other **micro-financing mechanisms** to encourage sustainable agricultural practices in forest ecosystems that at the same time encourage the conservation of biodiversity.

Also, much has been done in implementation of the **Citizen Submission process**. This includes the publication of the CEC's third factual record, this one addressing the submission related to the abandoned lead smelting operation **Metales y Derivados**. Six factual records are in the process of being developed: **Oldman River II, Aquanova, Migratory Birds, BC Mining, BC Logging, and Río Magdalena**. Much

progress has also been made in shortening the time it takes to process a citizen submission, reducing the backlog of pending Secretariat actions—particularly at the Article 14(1) and 14(2) stage.

The **North American Fund for Environmental Cooperation (NAFEC)** continues to play an important role in linking the work of the CEC with the interests and energy of community-based organizations in North America. Several innovating projects were launched that focused on conserving biodiversity.

The CEC can look back to a record of success. As a demonstration of three countries working together to protect our shared environment we have much to celebrate. As the integration of our continental economy deepens it is vital the Commission focus on implementation of its key policy initiatives and the steps necessary to realize the promise of sustainable development for North America.

2 Environment, Economy and Trade

Cooperation among the North American countries is essential to addressing regional environmental issues. It is also a cornerstone of a vibrant North American economy. A more integrated North American economy calls for a greater degree of coordination and cooperation to facilitate trade and establish complementary systems for environmental protection on a North American scale.

A more integrated economy also provides opportunities for employing economic incentives and financial instruments in support of sustainable development. It underscores the need to engage the principle economic actors in environmental protection and conservation in new ways. Farmers, businesses, consumers, landowners, investors and others hold the key to actualizing environmentally sustainable economic development. As they operate in an increasingly North America-wide economy, market-based mechanisms that are crafted for an integrated economy need to be put in place.

The Environment, Economy and Trade program has three core objectives: (a) To improve the environmental assessment of trade liberalization and expanding economic activity in North America. The environmental assessment work is both backward-and forward-looking, to ensure that lessons learned from the past and current environmental impacts help guide the identification of emerging environmental issues, policy priorities and tools. (b) To identify market mechanisms that can act to support environmental protection and conservation goals. The guiding principle behind “green” markets is to translate the goal of “win-win” trade-environment links into concrete action that can be replicated in other market categories. (c) To explore the role of financing in the development of “green” market mechanisms that will favor positive environmental and energy developments, including carbon sequestration, energy efficiency, and renewable energy and sustainable trade.

2.1 *Supporting Environmental Protection and Conservation through Green Goods and Services*

Entrepreneurs will soon decide whether or not to take steps to establish a shade agriculture fund that will help provide micro-credit to rural communities engaged in producing green goods.

The CEC co-sponsored a “Green Purchasing” meeting in Philadelphia, 22–25 April, with the Center for a New American Dream and TerraChoice Capital Inc. More than 100 procurement officers, researchers, and policy analysts from municipalities, states, NGOs, industries and the federal environmental ministries of Canada and the US involved in green procurement were present. Gilbert Parent, Canada’s Ambassador for the Environment, addressed the group on 23 April. A smaller group of institutions have agreed to create a North American Green Purchasing Initiative that would serve as a clearinghouse of information and provide tools to organizations interested in establishing and pursuing green purchasing activities in North America. The structure and governance of this initiative will be decided by an advisory group, to which the CEC belongs.

The CEC has been maintaining green goods and services databases since 1999. In November 2001, the coffee database was thoroughly updated. As well, the office products and electricity databases were amalgamated into a new Electricity and the Environment Database.

Shade coffee

The CEC has received and translated the first-ever sustainable coffee industry survey in North America. The survey is available on the CEC web site.

The CEC combined information compiled by the Maya Institute on the entire coffee production/consumption chain (from the financier, cooperatives, growers, mills, exporters, roasters, wholesalers and retailers), and the results of 22 April meeting on Financing Green Goods and Services, to develop a business plan that addresses the major issues in financing sustainable coffee.

The business plan will determine how to scale-up the various ongoing funds to achieve substantial environmental protection and green trade, as well as to offer concrete steps the three governments could take to nurture the financing of green production and trade.

The business plan is being developed in collaboration with the private and public sectors and NGOs that have on-the-ground experience with sustainable coffee financing. These include, Starbucks, Ecologics Enterprise Ventures Inc., the World Bank, Green Mountain Coffee Roasters, Rainforest Alliance, Industrias Unidas Agropecuarias S.A., Conservation International, and USAID.

It is not the intention of the CEC to run the fund, but rather to build on the expertise that already exists, and to demonstrate the potential profitability and environmental advantages of such fund. The business plan is to be developed to provide funding to the six coffee cooperatives that were selected for the small-scale study, with the intention of using this business plan as a model that might serve to allow current initiatives already being undertaken in rural Mexico to be scaled-up

Sustainable palm commercialization

On 5–6 July, the CEC hosted the second meeting of the Intergovernmental Advisory Group on Trade and Wildlife Species. The two papers on production in Mexico and commercialization of the palm on the international markets were presented and discussed. It was decided that the papers be combined for publication.

This project was hampered by delays by consultants and changes in the composition of the advisory group. As indicated in the note to the CEC executive director of 8 March 2002, the GSC, and trade in green goods and services advisory group, the project will end with the publication of the work accomplished thus far on production, market, and potential green marketing of palm and distribution to those with interest in marketing of non-timber tree products, trade in wildlife species, and marketing based on sustainable production. The information collected thus far will also be incorporated into the Green, Goods and Services project as proposed in the 2002–2003 program plan.

Tourism

The best practices document has been translated and will be available on the web shortly. Proceedings of the La Paz meeting were completed and posted on the web in English with Spanish and French translation of the executive summary.

This project was completed with seed funding to create a Baja California to Bering Sea Region Network group that not only includes aboriginal groups, academics, governments and NGOs, but also the private industry stakeholders such as the tourism operators of the three countries. An awareness poster and PowerPoint presentations were created with common guidelines and results of an MPA and industry questionnaire that can be used by anyone to educate the public. This effort opened a dialogue regarding

what constitutes sustainable tourism in and around MPAs, hopefully one that will result in stricter practical guidelines and opportunities to highlight and reward best practices. The CEC support is aimed at integrating sustainable tourism as an important aspect of the B2B Initiative as a long-term project.

2.2 *Assessing the Environment in the Context of North American Market Integration*

The CEC is well advanced in its planning for the second symposium on Understanding Linkages between Trade and Environment, including commissioning papers on relevant assessment topics.

The proceedings of the first North American Symposium on Understanding Linkages between Trade and Environment, together with the revised and final versions of 14 sectoral case studies, have been translated, published, distributed and made available on the CEC web site on 13 February. More than 600 copies were sent to CEC stakeholders around the world.

The meeting, “Assessing the Environmental Effects of Trade Liberalization,” hosted by the CEC on 17–18 January 2002, brought together approximately 80 experts from federal agencies of Canada, Mexico and the US, as well as from academia, NGOs, and international institutions such as the OECD, UNEP, and the Secretariat of the Convention on Biodiversity (CBD). The meeting focused on assessment approaches and the environmental implications of agricultural trade liberalization. The group was also given an update on the CEC’s studies on energy, conducted under Article 13. The meeting marks an important step forward in the CEC’s work in environmental assessments of trade: it combines backwards- and forwards-looking environmental assessments and broadened the scope of the CEC’s work beyond NAFTA issues, to include environmental issues arising from ongoing negotiations at the WTO and FTAA.

Seven background papers produced for the meeting are now available on the CEC web site for comments (with executive summaries translated into French and Spanish). They are:

- Environmental Impacts in the Agricultural Sector: Using Indicators as a Tool for Policy Purposes
- Environmental Impacts of the Changes in US-Mexico Corn Trade Under NAFTA
- Backgrounder on the Status of Agriculture Negotiations at the WTO Focusing on NAFTA Parties and the Key Trade Liberalization Provisions of the WTO Uruguay Round Agreement on Agriculture
- Changing Biodiversity, Changing Markets: Links Between Agricultural Trade, Markets and Biodiversity
- Environmental Reviews of Trade Agreements: Assessing the North American Experience
- Trade Liberalization Impacts on Agriculture: Predicted vs. Realized
- Understanding and Anticipating Environmental Change in North America: Building Blocks for Better Public Policy (*This is the final document to be produced by the Critical and Emerging Environmental Trends in North America project. It was translated into French and Spanish, published, and distributed to the Parties and other stakeholders*).

Proceedings of the meeting, including potential future steps, were sent to the participants with the proceedings and revised final papers of the first North American Symposium on Understanding Linkages between Trade and Environment. They are also available on the CEC’s web site at <www.cec.org/symposium>.

The CEC has finalized confirming members on the advisory group and arranged a conference to decide on the role of the advisory group and to help the CEC establish the next phase of its assessment work, combining *ex post* and *ex ante* assessments of trade agreements. Calls for papers focusing on agriculture and energy (and energy-related services) were sent out in May 2002. Results will be presented at the

second North American Symposium on the Environmental Effects of Free Trade to be held in November 2002.

The CEC is preparing the highlights of the first North American Symposium on the linkages between trade and the environment, a paper sponsored by the Ford Foundation, for release in early summer 2002. The paper will also be translated and posted on the CEC's webpage.

2.3 *Financing in Support of Environmental Protection and Conservation*

By the end of 2002, the CEC will have assessed "green financing" opportunities in the region, in addition to identifying public policies necessary to support significant financing initiatives.

Financing and the Environment

In late February 2002, the CEC released a draft report on Financing and Environment: Transparency and Disclosure of Environment-Related Financial Risks. The report provides a comparative analysis of financial disclosure rules as they relate to environment-related risks and liability in Canada, Mexico and the US. The main point of comparison is how provisions of the US Securities and Exchange Commission compare with those in place in Canada and Mexico.

On 25 March 2002, in New York, the CEC hosted the first "Financing and the Environment" meeting, in conjunction with the *Centro de Estudios del Sector Privado para el Desarrollo Sostenible* (Cespedes). The objective of the meeting was to examine the relationship between the environmental agenda and the financial services sector. The meeting included 27 participants from commercial banks and the investment community, representatives from the World Bank, NAFIN, Environment Canada and the EPA. The meeting provided the CEC with insight into how the financial community sees issues surrounding the voluntary and mandatory disclosure of environmental liabilities, as well as on areas of future work for the CEC. Highlights of this meeting including possible future CEC work in this area were sent to the participants of the meeting on 23 April 2002. The working paper produced for the meeting was finalized and translated into French and Spanish and was made available on the CEC web site on 15 May 2002.

2.4 *Exploring Market-based Mechanisms for Carbon Sequestration, Energy Efficiency, and Renewable Energy in North America*

The Secretariat is currently exploring key issues related to market mechanisms for reducing carbon through sequestration, renewables and energy efficiency. This fall, experts will meet to consider these opportunities and to identify options for Council action.

In November and December 2001, copies of the "Mexico and Emerging Carbon Markets" report were distributed to government officials and experts working on climate issues. In November 2001, the CEC released a new Electricity and Environment which includes: timely and comparable information on energy efficient products, renewable "portfolio" standards (RPS) and initiatives, and green pricing initiatives. Information on RPSs compiled in this database was used to undertake an analysis of the definition of renewables used in different RPS legislation. This analysis was completed and distributed at the CEC's Electricity and Environment Symposium, held in San Diego, 29–30 November 2001, and organized by the CEC as part of its Article 13 Electricity and the Environment project.

As a follow-up to issues raised during the Electricity and Environment Symposium, and in conjunction with the CEC-Conae Gallup market analysis of renewable electricity in Mexico, on 18 February 2002, the CEC hosted a meeting on renewable energy in North America in Montreal. The objective was to examine barriers and opportunities to renewable energy in North America. This initiative was intended to complement the ongoing work of the North American Energy Working Group and its technical subcommittees. In total there were 52 attendees, consisting of participants from various levels of

government (Environment Canada, Conae, EPA, State of California and the Province of Quebec), industry (Dupont, the Canadian Electricity Association, Edison Electric Institute, Hydro Quebec), environmental NGOs (the Pembina Institute and others), Academia (Tufts University and UNAM), green certification and labeling organizations (Green-E and TerraChoice), and individual citizens. The meeting was important in identifying key concerns from a broad spectrum of interests on the current role of renewable energy and its potential for meeting the energy needs of North America. The CEC's Electricity and the Environment database was also presented to the attendees of the meeting.

The final version of the background paper which included suggested changes from the participants at the meeting, as well as the proceedings to the meeting were sent to the participants of the meeting on the 12 April 2002.

On 28 February–1 March 2002, the CEC cosponsored a meeting hosted by the Center for Clean Air Policy (CCAP) which took place in Mexico City. The purpose of the meeting was to consider methods of enhancing investments in renewable energy in Mexico. Topics and issues that were discussed at the CEC's 18 February meeting were intended to, and indeed did, feed into the dialogue of this meeting. A summary report from this meeting was written and presented by CCAP to the CEC on 5 April 2002.

A conference call with the parties to discuss possible future work for the CEC on renewables took place on 8 April 2002. The CEC was requested to produce a draft work-plan on some possible next steps involving the CEC and the three governments, in promoting renewable energy to the Parties. That document was sent to the Parties on 16 April 2002.

On 21 May 2002, the CEC released a background paper describing and analyzing various market-based mechanisms for carbon sequestration, energy efficiency and renewable energy. It was translated and posted on the web on 25 May, 2002.

10(6) Environment and Trade Officials Group

On 18 January 2002, the [NAAEC Article] 10(6) Environment and Trade Officials Group meeting was convened. Chaired by the Government of Canada, the Parties made progress on four substantive issues:

- The use of precaution in domestic environmental laws. Preliminary views were provided on three background papers on precaution, which had been commissioned by the Secretariat upon instructions from the Parties in late 2000. The Parties agreed that they would send comments and revisions on either two or all three of the papers, after which most likely two of the aforementioned papers would be released to the public, conditional upon the understanding that the papers do not formally represent the views of the Parties. In addition, Canada provided a presentation on its work on precaution. It was agreed that a follow-up workshop on precaution should be held to examine practical issues at the regulatory level. In preparing for the workshop, the Secretariat will compile and circulate to the Parties information about discussions of precaution underway in other international fora (e.g., OECD, UNEP, WHO). No date was set for the next meeting and no comments were received on the papers.
- Assessing the Environmental Effects of Trade: The Parties confirmed that the scope of the CEC's work should include *ex ante* and *ex post* analysis, and will include NAFTA plus future trade commitments under the WTO and FTAA;
- Renewable Electricity: The Parties agreed that, as well as the criteria established for "environmentally preferable electricity," issues related to the comparability of definitions should be examined.
- NAFTA Environment and Trade Ministerial Meeting: The Parties agreed to prepare a preliminary agenda for a possible ministerial meeting to be held in 2003. This will take place prior to the deputies meeting in April 2003.

3 Conservation of Biodiversity

North America hosts a wealth of spiritually cherished, economically important, and ecologically essential landscapes and seascapes. A great deal of North American biological diversity, however, is in peril. Although most problems affecting the North American environment are on the national level, certain others are shared by two of the three countries, and the effects and consequences of some of them have the potential to affect the entire continent.

The CEC establishes a forum for coordinated, continental solution to key conservation challenges, as well as providing a more targeted geographical focus and interdisciplinary approach to conservation activities.

3.1 North American Bird Conservation Initiative

The planning platform of NABCI has been successfully completed, including a framework for implementation, a suite of Important Bird Areas of high trilateral interest, a trilateral NABCI interagency agreement proposal, and a trilateral communications strategy.

A set of criteria has been developed to assist NABCI national committees in identifying demonstration projects and it is expected that before June 2002, the CEC, together with the NABCI Trilateral Committees, will have determined trilateral NABCI demonstration projects to be carried out. Moreover, a trilateral memorandum of understanding for bird conservation has been drafted, which not only emphasizes the commitment of the Parties and private partners to bird conservation in North America but also encourages nations beyond North America to participate in this agreement. It is seen as a natural follow-up to Resolution 99-03 of the CEC Council. This memorandum is still being finalized and is expected to be ready for signing towards the last quarter of 2002.

3.2 Species of Common Conservation Concern

The recommendations to build a trilateral framework for grassland conservation were acted upon. These include integrated mapping of North America's Central grasslands, a workshop to establish the common perspective for grassland conservation in Mexico and a draft trilateral conservation strategy. The latter to be finalized in 2002.

Since 2000, the three federal Wildlife Services of North America have agreed to work together to protect 17 species of wild birds and mammals considered "*Species of Common Conservation Concern*" (SCCC). Given that the majority of these species are associated with grasslands—one of the most productive and yet most threatened environments in North America—and that their main threat is habitat disturbance and loss, the CEC facilitated a process to guide conservation efforts for these species from an ecosystem perspective. As part of CEC's 2002 program, a strategy is being drafted to inform and guide a framework for cooperative efforts of the three North American countries. This strategy will also clearly highlight the value added by the CEC in assisting the parties to conserve the grassland species of common conservation concern and their habitats.

The various elements necessary to build the draft trilateral grassland conservation strategy are well underway. Towards the end of 2001, a multi-stakeholder meeting was organized in Mexico to assist that country in developing its own perspective on the conservation of grasslands. Additionally, a grasslands map is being developed, aimed at integrating all relevant conservation-planning units available for this ecosystem (e.g., Important Bird Areas, First Nations/Native American reservations, priority watersheds, etc). The draft strategy is expected to be available toward the end of May 2002, and will serve as a basis for designing joint action plans on specific themes indicated therein. For September 2002, as part of its annual meeting, the Wildlife Society welcomed the CEC and its partners (including the Nature Conservancy, the National Wildlife Federation, and the US Fish and Wildlife Service) to hold a joint

symposium to present the trilateral draft strategy and related topics (Bismarck, North Dakota, September 2002).

3.3 *North American Marine Protected Areas Network (NA MPA Network)*

By the end of 2002, the map of marine and estuarine ecological regions will be finalized, priority areas for the B2B region identified, and the report on cooperative conservation actions for North America's Marine Species of Common Conservation Concern will be launched. To begin the first stage of physically linking MPAs, the CEC is developing a proposal for continental networking within North America. Preliminary discussions amongst the various agencies are taking place to launch this first stage of networked MPAs by next year.

The following activities are being implemented:

3.3.1 *Mapping Marine and Estuarine Ecological Regions of North America*

In a workshop of experts from academia, government, and nongovernmental organizations of the three countries (12–14 March 2002, Charleston, SC), draft maps for North American marine ecosystems for ecological regions of levels I, II and III were developed. With the input of regional experts and datasets, the draft map and region descriptions presently are being refined. Subsequently the map will be fine-tuned, sent for peer review, and published.

3.3.2 *Marine Protected Area (MPA) Networking and Capacity Building*

Integrated Management for the North American MPA Network

To achieve a more strategic approach to continental marine conservation, the CEC is presently reviewing the different models and theories of MPAs. It is also reviewing the various MPA-related tools and other management approaches (e.g., policies, management regimes, regulations, etc.) that would help to maintain the ecological integrity of the marine environment.

Inventory

Following the CEC's North American Biodiversity Information Network (NABIN) portal workshop (see section 3.5 below), linkages are developing with various organizations' data sets and formal agreements are in the planning stage. In coordination with the B2B Priority Areas initiative and NABIN, a *Conservation GIS Data Potluck for the B2B region*—a workshop to bring together participants from the many GIS projects completed, underway or in the early planning stages, is being organized to discuss synergies and collaborations (1–2 July 2002, Portland, OR).

North American MPA Practitioners' Exchange and Meeting

Twenty-one North American MPA practitioners from each country, selected according to common interests and needs, are taking part in an exchange. During each day of the exchange, the host manager(s) will cover topics relevant to everyday management issues and identify: 1) examples of best practices; 2) needs for capacity building and training; and 3) useful documents, manuals and spreadsheets. This material will be used in the development of a subsequent MPA Managers' Toolkit. A background report has also been written and is presently being edited for the MPA managers' meeting that describes the issues facing MPAs in the B2B region, and provides examples of how practitioners are approaching these opportunities and challenges.

3.3.3 *Trinational conservation priorities and measuring effectiveness*

Marine Species of Common Conservation Concern (MSCCC)

A report has been developed and is presently being edited on the fifteen MSCCC. This report gives a brief description of the species, outlines the species' status (including a review of the factors affecting the status of each), provides present and future areas for collaboration, and country contacts.

Identifying Priority Areas for B2B

Work is underway to gather background information to be used as a basis for identifying priority areas in the B2B region. As stated above, in coordination with the NA MPA Inventory and NABIN, a *Conservation GIS Data Potluck for the B2B region*—a workshop to bring together participants from the many GIS projects completed, underway or in the early planning stages—is being organized to discuss synergies and collaborations (1–2 July 2002, Portland, OR). In coordination with the Marine Conservation Biology Institute, the NA MPA Network is planning a workshop of experts for late summer 2002 to define the final priority areas.

Marine Conservation Targets and Indicators

This initiative has involved two phases. First, during a workshop held in May 2001, the development of a generic framework to gauge management effectiveness was initiated. These results are being incorporated by World Commission on Protected Areas (WCPA) into broader practices focused on employing effectiveness measures in the successful management of MPAs. Second, while program-specific measures are being designed around the world, this initiative is seizing the opportunity to craft a comprehensive, web-based information management system that will compile these site-level effectiveness results to illustrate important trends and valuable lessons learned about MPAs across broader geographic scales, including entire regions (Clearinghouse on Management Effectiveness). A scoping paper on the process has been developed and is presently being edited. The initiative is being developed in close coordination with the MPA Inventory, the CEC's North American Biodiversity Information Network (NABIN) and North American initiatives of WCPA-Marine.

3.4 *Closing the Pathways of Aquatic Invasive Species across North America*

Priorities for trinational cooperation have been identified. A Mexican clearinghouse for aquatic invasives has been developed. A list of aquatic invasive species of common concern and complementary action plans for trilateral collaboration are being developed for priority trade-related pathways.

The CEC is well positioned to facilitate the development and implementation of a regional approach to address the invasive species problem. The Montreal workshop, organized by CEC, presented the aquatic invasive species challenge as it relates to North American free markets. The workshop established a common perspective on issues concerning aquatic invasive species and identified priorities for trinational and multi-sectoral collaboration. The following priority areas for collaboration were identified: 1) developing a North American Invasive Species Information Network; 2) identifying invasive species, vectors and pathways of common trinational concern; 3) create a regional directory of legal and institutional frameworks; 4) developing and distributing tools to raise awareness, and 5) identifying tools to provide economic incentives to prevent the introduction and minimize the spread of invasive species. The proceedings from the workshop will be published in collaboration with NOAA. The CEC has partnered with Conabio to develop a prototype of a Mexican clearinghouse for aquatic invasive species that will link the *Red Mundial de Información sobre Biodiversidad* (Remib), NABIN, and the Global Invasive Species Information Network.

3.5 North American Biodiversity Information Network

A web-based portal that links NABIN's species-oriented search tools to other environmental and socio-economic databases in North America is under development. The portal has incorporated working prototypes for grasslands, marine protected areas, and NABCI projects. NABIN is also supporting the interoperability of the two major species-data search engines and continues to provide access to information through its partner institutions.

The last CEC Council session (June 2001, Guadalajara, Mexico) had an important impact on NABIN. The Council's emphasis on improving public access to biodiversity information prompted the steering committee to encourage NABIN to unify and simplify its applications. The recommendations resulted in the following actions:

- a) **Unify key technologies already developed under the NABIN umbrella with a common, improved technology.** Unification of *Red Mundial de Información sobre Biodiversidad* (Remib)/Conabio and the Species Analyst to establish a common and improved technology is continuing, with the potential for a more powerful and intuitive tool. Work is underway to link the Integrated Taxonomic Information System (ITIS)-North America into the NABIN web site in the year 2002.
- b) **Leverage key data sets to be linked with NABIN to provide critical new functionality in the data infrastructure.** Expansion of museum collections has been supported by NABIN through the Species Analyst network and the Remib. New partnerships include Atlas Canada, NOAA, DFO and INE. These institutions are providing maps, distributing data sets and are becoming active partners in portal design process. A contractual agreement with NatureServe (formerly the Heritage Center of The Nature Conservancy) will enable initial access to one of the largest biodiversity data sets in North America. To support content information and institutional links, the CEC has initiated development of a biodiversity web site catalogue. The web site notices and rules for using the portal, and a paper on intellectual property rights intended for publication have been completed and are awaiting legal review by the General Standing Committee. The paper will address important legal issues for the NABIN portal and the CEC web site.
- c) **Build an intuitive and user-friendly interface to NABIN applications to permit a much broader user community.** A prototype version of the NABIN portal has been completed and will be presented at the Steering Committee meeting (to be arranged). The CEC received critical input on the portal at a trinational experts' workshop on 21–22 February 2002. Prototypes of the architecture design and graphic user interface were reviewed and CEC personnel gained valuable and practical advice on its implementation.
- d) **Develop training and user-access materials to extend the use of NABIN tools and data into government, NGOs, educational, research, and public communities.** As a part of the unified version of the Species Analyst and Remib, a manual geared to different user levels has been produced to facilitate the transition.
- e) **Develop specific applications that demonstrate the key nature of the NABIN information infrastructure in CEC projects and in projects relevant to each country.** The prototype portal focuses on three examples to increase and improve access to biodiversity information: the Marine Protected Areas project, and MPA maps generated by the project are nearing completion and will be incorporated into the portal; the Species of Common Conservation Concern project; and NABCI—through the Yellowstone to Yukon Conservation Initiative, the web site <http://www.rockies.ca/birds/> has been completed, demonstrating a user-friendly application of Species Analyst data. Links to all of the CEC's other projects and databases such as those in the Pollutants and Health program area are also being discussed.

4 Protecting the Environment for Better Human Health

Air pollution, water contamination, exposure to hazardous wastes, and levels of contaminants found in food, as well as in the home and work environment are increasingly being recognized as key determinants of health. From conception through adulthood, exposure to environmental hazards can impair human health and quality of life. Children, because of their development and rapid growth, and their unique behaviors, are more vulnerable than adults. Other population groups that may be vulnerable to environmental contaminants include aboriginal people living in the North, the aged, and the poor. Threats to human health posed by contaminants can also affect economic development through costs associated with health care, environmental remediation, and other indirect economic factors.

North America is linked by air and watersheds. Pollutants can travel through the atmosphere for thousands of miles. As well, toxic substances cross boundaries as products or wastes to be treated. Cooperation on environmental health threats can ensure that hazards from common sources are adequately addressed and that successful strategies and tools are shared that will provide people with clean air and water, and better environmental health.

4.1 *Developing Technical and Strategic Tools for Improved Air Quality in North America*

In 2001, the CEC, in collaboration with the US/Mexico Foundation for Science, established the first national association of air quality professionals in Mexico. The CEC also initiated an effort with the Western Governors' Association to develop the first-ever national air pollution emissions inventory in Mexico that will include pollutants contributing to smog and haze (i.e., ground-level ozone and particulate matter) flowing across international borders. In 2001, the CEC also undertook the first comprehensive look at the status of air pollution inventories in all three countries. The assessment identified information access obstacles and areas for future work to enhance information comparability, quality, and exchange.

On 26 April 2002, the CEC sponsored a meeting of the top air quality administrators from Canada, Mexico and the United States. The meeting was held in Dallas, Texas, and was attended by Barry Stemshorn, assistant deputy minister, Environmental Protection Service, Environment Canada, Dr. Exequiel Ezcurra, president, *Instituto Nacional de Ecología*, and Jeffrey Holmstead, assistant administrator, Office of Air and Radiation, US Environmental Protection Agency. Key staff members also attended, as well as Sergio Sánchez Martínez, Semarnat's new director general of Air Quality Management, who is responsible for implementing the new pollution reporting legislation in Mexico. The meeting was the first-ever gathering of the top-level air quality administrators in North America, and provided a unique opportunity for the participants to get to know each other and have informal discussions on air quality issues shared by the three countries.

Several exchange opportunities occurred during early 2002 in which the CEC Air Program sponsored travel for government officials in Mexico to attend meetings relating to CEC Air Program activities. These included travel support for government officials from the states of Chihuahua and México, the Distrito Federal, and the *Instituto Nacional de Ecología* to attend the San Diego workshop on truck testing (described below). Support was also provided for travel by inventory developers from the State of Mexico to attend an air emissions inventory development workshop and conference organized by the US Environmental Protection Agency in Atlanta, Georgia, on 15–18 April 2002.

4.2 *Facilitating Trinational Coordination in Air Quality Management*

The CEC hosted two meetings in Montreal on air emissions inventories: the first, on 15 November 2001, in which federal, provincial/state and local government inventory developers from all three countries identified priority areas for further inventory development needs, and a second, for the general public, on 13 December 2001, in conjunction with a regularly scheduled PRTR Consultative Group meeting. At the

latter, the CEC Air Program received input from a range of interest groups on the air emissions inventory activity.

As a result of the discussions in these meetings, the CEC Air Program identified two areas for work under this activity in 2002. The CEC plans to sponsor a workshop on the use of the new MOBILE6 mobile emissions inventory model during 2002. The CEC will also explore the development of a common emissions data exchange format to facilitate the transfer of air emissions information across borders. To accomplish these goals, the CEC is supporting work by the Western Governors' Association (WGA) to develop emissions inventory information in Mexico. The CEC supported a workshop by the WGA in Monterrey, Mexico, on 26 February 2002, to address issues of confidentiality in acquiring information from industrial sources in Mexico.

4.3 *Trinational Air Quality Improvement Initiative: North American Trade and Transportation Corridors*

Under a project supported by the CEC Air Program, the Northeast States for Coordinated Air Use Management (NESCAUM) held a meeting of experts on heavy-duty truck inspection programs, 6–7 March 2002, in San Diego, California. Also co-sponsoring the meeting was the California Air Resources Board. The meeting participants shared problem-solving experiences among truck testing programs and explored common criteria for these programs that can be mutually recognized in different jurisdictions. The meeting produced a series of recommendations for future work during 2002. Currently in 2002, a pilot smoke-testing project, co-sponsored by the CEC, is being conducted by NESCAUM, the province of Ontario, and the state of New York at a border crossing in Buffalo, NY/Niagara, Ontario. In addition, the CEC, in collaboration with the National Institute for Public Health in Mexico, began developing a common methodology to assess the exposure of sensitive populations, including children and asthmatics, to diesel exhaust and other air pollution along heavily congested NAFTA trade and transportation corridors.

4.4 *Sound Management of Chemicals*

The Sound Management of Chemicals (SMOC) initiative has provided a continuing and increasingly effective forum to facilitate cooperation and trinational agreements and action on reducing chemical pollution in North America, with particular focus on chemical substances that are persistent, bioaccumulative and toxic, through the implementation of the different North American Regional Action Plans (NARAPs). This initiative has represented a meaningful tool to protect and improve the environment and to achieve sustainable development in the region.

In the past year we have had a number of accomplishments in the SMOC program: the chlordane NARAP has been completed, two new NARAPs are being developed and nearing completion—one on dioxins, furans and hexachlorobenzene, the other on environmental monitoring and assessment. A recommendation will be forwarded to Council to develop a NARAP on lindane. SMOC is preparing a white paper to examine strategies for dealing with the broader suite of chemicals in a more timely manner. The World Bank and the Canada POPs fund has expressed interest in receiving a project proposal from SMOC on human blood monitoring for persistent toxic substances. Mexico is considering using the CEC as the 'executing agency' for the development of their national POPs implementation plan to meet one of the key obligations of the Stockholm POPs treaty.

The CEC is cooperating with the UNEP Chemicals Program, the GEF and 11 other regional "nodes" to prepare a global report on POPs priorities. The objective is to assist developing countries in assembling project proposals for capacity building that will further Stockholm treaty implementation.

The SMOC Working Group held its 13th regular meeting jointly with the Joint Public Advisory Committee (JPAC) in November 2001, in Tucson, Arizona. As a result, JPAC has offered some useful advice to Council about the SMOC program. The SMOC Working Group also asked JPAC members for their advice on capacity building and on how SMOC could improve its public awareness, education and involvement processes.

A retreat of the SMOC Working Group was held on 31 January–1 February 2002. It provided a forum for the Working Group, the CEC Secretariat and a few invited participants to begin an indepth assessment of the progress and accomplishments of the SMOC initiative to date and to undertake some strategic thinking as to the path forward. An objective was to consider obstacles to progress and identify opportunities for improving the viability and effectiveness of the program. Special attention was devoted to: observations and recommendations forwarded by JPAC regarding the NARAP development and implementation process, with a focus on improving public visibility and accessibility; encouragement for more involvement of the general and selected public in the task forces; and the suggestion of possible options for increasing stakeholder participation in the substance selection process.

SMOC Working Group members reaffirmed several directions:

1. Continue existing NARAPs and bring them to a successful conclusion in the context of a 'regional implementation' role, as allowed in the Stockholm POPs Treaty;
2. Undertake a review of existing NARAPs to ensure that they generally conform to the Stockholm Treaty;
3. Determine what persistent, bioaccumulative toxic substances may be of concern in a North American context in the future;
4. Complete a white paper identifying possible strategies for dealing with the broader cross-section of chemicals in commercial use today; and
5. Continue with the SMOC leveraging strategy to identify outside funding sources and partners to support NARAP implementation.

In the Sound Management of Chemicals initiative, a number of actions have been launched or advanced since November 2001:

The results achieved under the DDT NARAP are being shared with the seven Central American countries to reinforce the implementation of the World Health Organization's Global Malaria Control Strategy. The main goal of this project is to demonstrate that methods for malaria vector control without DDT or other persistent pesticides are replicable, cost-effective and sustainable. These activities are being funded jointly by the CEC and the Global Environment Facility. The Pan American Health Organization (PAHO) is the executing agency and UNEP the implementation agency. It is expected that an additional US\$6.6 million will soon be contributed by the GEF.

A communications package was prepared for the Stockholm POPs meeting in order to highlight the actions North America, and in particular Mexico, has taken to stop the production and use of DDT. A video on Mexico's DDT phase-out program was prepared and presented to the Health and Environment Ministerial meeting in March 2002. A series of fact sheets are in preparation on all the NARAPs as a communication tool for public dissemination.

The mercury NARAP comprehensively addresses the reduction of mercury emissions from human activities throughout North America. For this, the Secretariat has assigned funds from a previous study to assess extending the coverage of the Mercury Deposition Network by installing two wet deposition collectors for mercury on Mexican territory. Success of this program is crucial to the task forces for the mercury and the monitoring and assessment NARAPs.

The Mercury Implementation Task Force has continued to focus priority on building capacity in Mexico by supporting education and awareness-raising initiatives for health professionals and educators. A possible pilot project to provide mercury-free medical equipment in a hospital in Mexico City is also being evaluated. The program would substitute thermometers and perhaps provide mercury-free esphinomameters. Canada has offered to loan a mercury air monitoring instrument to Mexico so that ambient levels of mercury in the vicinity of some key point sources of mercury can be identified and characterized. The Secretariat is also assisting Mexico in characterizing mercury releases and impacts on soil and vegetation in the Zacatecas area.

The SMOC Working Group approved a recommendation from the Substance Selection Task Force for a NARAP on lindane. The recommendation will be forwarded to Council for their consideration and approval in June 2002.

Considerable progress has been made in the implementation of the 1996 PCBs NARAP, as evidenced by the 2001 draft status report now being finalized. The proposal is to advance the PCB file in a cooperative manner through the PCB task force, by holding a technical workshop to examine the current environmental policies and standards of the three countries, the international obligations regarding PCBs, the types of PCB wastes in need of management, best practices and best available technologies for PCB management, and the means for continuous improvement of standards for managing PCBs in North America. Mexico recently passed comprehensive PCB control regulations which will enable the advancement of their control and phase-out strategies.

The NARAP on chlordane has been underway since 1997. A key deliverable was the cessation of use and production of this pesticide in North America. This has now been accomplished with the latest actions that Mexico has undertaken. A final report describing all actions taken has been completed and the chlordane task force has recommended to the SMOC Working Group that the final report be published and the task force disbanded. A final report will be presented to Council. As there continues to be concern about illegal transboundary shipments of chlordane, the SMOC Working Group has written to the Enforcement Working Group to request their assistance in examining whether such problems exist.

The first Citizens' Trilateral Conference on Dioxins and Furans, and Hexachlorobenzene was held last October in Mexico City, attended by representatives of 21 civic organizations of the three countries and supported by the CEC Secretariat. This conference prefaced a government meeting and public workshop with more than 100 stakeholders in attendance. The task force has developed terms of reference, a work plan, and a draft action plan that is now undergoing internal government review and will shortly be put forward for public review.

Given Council's recent public statements of concern about lead, and following advice from JPAC, a Statement of Mutual Concern is in preparation concerning this substance and a recommendation is expected to be forwarded to the SMOC Working Group shortly. The Substance Selection Task Force has undertaken a public review of the substance selection process and will request public feedback on its report shortly.

A draft environmental monitoring and assessment NARAP is currently available for public comment. It is anticipated that it will be forwarded to Council for approval at the June Regular Session.

The World Bank has expressed interest in the work of the CEC because it is a good example of regional cooperation. The Bank has encouraged the CEC to submit a proposal for human blood monitoring for POPs in North and Central America to establish baseline levels for contamination in humans. Mexico is considering identifying the CEC to the World Bank as an 'executing agency'—a prerequisite for arranging funding support for POPs implementation planning.

4.5 Promoting Public Right-to-Know: Pollutant Release and Transfer Registers

Since the eighth Council session in Guadalajara, the CEC has released two *Taking Stock* reports and launched the *Taking Stock Online* web site, as parts of its continued commitment to facilitating access to and use of PRTR data in North America. Enhancing comparability among the national PRTR systems is a priority focus of the project, particularly given the positive recent developments in Mexico, and an Action Plan on comparability has been developed. The CEC has been actively engaging the public and stakeholder groups in advancing access to and use of PRTR data, including a meeting of academics from the three countries, and through the PRTR Consultative Group and its trinational Ad Hoc PRTR Group, and has been increasingly involved in international PRTR activities.

Stakeholders and members of the interested public from across North America participated in the annual meeting of the Consultative Group for the North American PRTR Project in Montreal on 12–13 December 2001. The group provided ideas and input on the development of the *Taking Stock 2000* report, as well as ways of strengthening linkages between PRTRs and other CEC programs, such as SMOC, children's health and the environment, and conservation of biodiversity. There was broad support for strengthening such linkages, particularly relating to mercury, dioxins and furans, and a joint meeting with SMOC was proposed as a means to promote mutually beneficial interactions between the two initiatives. This joint meeting is proposed for October 2002. Many members of the Consultative Group stayed on to participate in the public meeting on the development of criteria air pollutants/greenhouse gas inventories, organized by the Air Quality Project.

Governmental PRTR representatives met on 14 December 2001, to discuss follow-up to the public meeting as well as issues of comparability, particularly in light of the new legislation in Mexico, passed in December 2001, that provides for a mandatory, publicly accessible PRTR program. In March 2002, the CEC co-sponsored a workshop on the "Private Sector and the Environmental Right-to-Know in Mexico," which focused on next steps for the RETC program. Also in Mexico, CEC supported the development of a guidance material and a CD-ROM on release estimation techniques for industry, which has been distributed through an outreach campaign in coordination with Semarnat and several industry associations.

Work continues to promote improved comparability among the three national PRTR systems. Building on the first version of the "Action Plan to Enhance the Comparability of North American PRTRs" that was developed in June 2001, the national PRTR representatives have added more specific targets for the actions called for in the Plan. The document, which will be presented for possible adoption by Council in June 2002, outlines a number of opportunities for increasing comparability among the national systems and specifies actions to be taken by each government towards that end. In June 2002, a workshop among the national PRTR officials and other relevant groups was held in Mexico City to advance the implementation of the action plan on enhancing comparability among the national PRTRs, with a particular focus on issues that are of relevance to Mexico as that country works to implement its PRTR program under the new legislative mandate.

Exploring innovative uses of PRTR data is an area of increased activity within the CEC's PRTR project. In September 2001, the trinational Ad Hoc PRTR Group, composed of individuals from industry, academia and civil society who are interested in innovative uses of PRTRs, prepared a brochure on the benefits of PRTR reporting as a means of supporting the further development of the PRTR program in Mexico. The group, which operates on a voluntary basis through periodic teleconferences, is embarking on a second project that will look at case examples in which PRTR reporting has led to pollution prevention and cost savings for industry. In March 2002, the CEC organized a meeting of academics from the three countries who are using PRTR data in their research on corporate behavior, investment decision-making, the effectiveness of public policies, and other issues. A web-based clearinghouse of such research initiatives was suggested as a means to foster continent-wide exchange and collaboration within the academic community in North America.

The CEC is becoming increasingly engaged in international activities on PRTRs. In December 2001, the CEC participated in the third meeting of the working group to develop a PRTR protocol under the Aarhus Convention, where there was considerable interest in the North American experience with creating the 'matched' cross-border data sets and the *Taking Stock* report. As a follow-up, copies of *Taking Stock* and additional information on the North American PRTR initiative were sent to all delegates. In February 2002, the CEC participated in a meeting of the IOMC PRTR Coordinating Group, of which the CEC is a member. The IOMC is a coordinating mechanism among a number of UN agencies and the OECD focused on issues of sound chemicals' management. The CEC has been tasked with coordinating the preparation of the PRTR Coordinating Group's report to be submitted to the Fourth Session of the Intergovernmental Forum on Chemical Safety (IFCS) in 2003.

4.6 Pollution Prevention

The Pollution Prevention Round Table in Mexico held its second national event on 12–14 September 2001 in Monterrey. The event was organized into three thematic workshops and five panels around various themes. Also, a meeting was held to set up regional pollution prevention roundtables for the Mexico-United States border.

Liaison has been established between the pollution prevention round tables of North America. They are currently reviewing the domestic pollution prevention policies and strategies of each country with a view to developing a common vision for a regional strategy. The last meeting took place in April 2002 in conjunction with the annual event of the Canadian Pollution Prevention Round Table in Quebec City. The meeting reviewed progress on the analysis of domestic policies and strategies that will serve as a basis for a joint proposal to be presented to the CEC Council of Ministers in June 2002. A joint declaration of cooperation was made public, and potential joint projects for 2002 and 2003 were discussed.

4.7 Children's Health and the Environment

Highlights of the past year in the children's environmental health initiative have been the formation of the Expert Advisory Board on Children's Health and the Environment in North America, the involvement of health and environment officials, experts and the public in the development of a cooperative agenda for trilateral action on children's environmental health (CEH) in North America, and the initiation of specific project activities including groundwork for the development of CEH indicators.

In October 2001 the Expert Advisory Board was officially convened. The Board, which is composed of three individuals from each country, is mandated to provide advice to Council on matters of children's health and the environment. The first meeting of the board was held on 26 November 2001 in Montreal, back-to-back with the Trilateral Workshop on Children's Health and the Environment in North America, 27–28 November 2002. During the Trilateral Workshop, governmental representatives and the Expert Advisory Board spent two days developing ideas and project outlines for the CEC cooperative agenda for children's environmental health, building on the priorities outlined in Council Resolution 00-10. In advance of the meeting, an inventory of national, bilateral and trilateral activities related to children's environmental health was compiled as a basis for identifying opportunities for trilateral collaboration. A draft Cooperative Agenda was prepared based on the workshop outcomes and circulated for public comment in February 2002. It outlines ongoing, planned and proposed activities for the CEC's children's environmental health initiative for the next two to three years, focusing on asthma and respiratory disease, lead and other toxics, tools for decision-making including risk assessment and economic valuation, strengthening the knowledge base for long-term solutions, and public education and outreach. A cornerstone of the public consultation was a meeting held in Mexico City on 7 March 2002, jointly convened by the Expert Advisory Board and JPAC, in which more than 100 people participated. Taking into account the discussions of the public meeting, written comments received and the advice provided to

Council by JPAC and the Expert Advisory Board, the CEH Team has revised the Cooperative Agenda, which will be presented for possible adoption by Council in June 2002.

The outcomes of the recent Health and Environment Ministerial of the Americas (HEMA) meeting, and the groundbreaking work of the World Health Organization (WHO), provide a solid basis for the CEC's emerging work on the development of a core set of indicators of children's environmental health in North America. In September 2001, an initial planning meeting was held among the CEC, the IJC Health Professionals Task Force, the Pan American Health Organization (PAHO) and the World Health Organization (WHO). This issue was also discussed during the Trilateral Workshop in November 2001. It was agreed that a feasibility study should be undertaken as a first step. This work is underway in 2002. The target date for the first report is 2004.

5 Law and Policy

The goal of the Law and Policy program is to address regional priorities regarding obligations and commitments in NAAEC related to enhance compliance with, and enforcement of, environmental laws and regulations, environmental standards, environmental performance and the continued development and improvement of environmental law and policy. Program initiatives monitor and report on regional trends in implementing and enforcing environmental laws and standards, including innovation in regulation, economic instruments and voluntary initiatives.

The efforts and progress made this past year in the Law and Policy program area have been centered in three different areas: (a) strengthening and guiding the agenda of the Enforcement Working Group (EWG), which was affected by administrative changes in the three governments in the 2000–2001 period; (b) setting into motion the projects for "Sound Management of Hazardous Waste" and "Sustainable Use and Conservation of Freshwater;" and (c) finalizing the comparative report on environmental standards relating to intensive stockbreeding.

5.1 *Comparative Report on Environmental Standards*

This project is based on scoping work which identified agricultural pollution emanating from confined livestock operations as a topic of critical importance in all three countries. The development of a report providing a comparative overview of the regulatory regimes in North America is timely, considering current regulatory activity in this area.

The comparative report will provide a baseline on how environmental and human health concerns are addressed by various authorities in this area. Thus far, consultants in Canada, Mexico and the United States have carried out research to provide a comparative overview of the regimes in place (of a regulatory and guidance nature) and highlight current trends. The information compiled includes data referring to: a) the context and background of intensive stockbreeding practices in each of the three countries in North America, b) information on the main environmental and health repercussions and concerns relating to this activity, c) information on the laws and policies of each country and selected states and provinces, and d) detailed information on the legal requirements for carrying on this type of activity.

An editor is working in close collaboration with the consultants on the process of completing a final version of the document. Once this is accomplished, the next activity in this project will be to convene a workshop of selected stakeholders to present the report and share best practices and approaches.

5.2 *Environmental Sound Management of Hazardous Waste*

In response to the mandate Council provided during its last Regular Session in Guadalajara, and with the support and active participation of government experts on hazardous waste issues from each of the three countries, the CEC has begun the development of a regional approach project for North America on the “Environmentally Sound Management of Hazardous Waste” (ESM).

In this first stage of development, the project has two components: the first (activity 1) is focused on the development of a general analysis of the legal ESM requirements in Canada, Mexico and the US; the second (activity 2), focused on the transboundary movement of hazardous waste, particularly the information requirements for the importation and exportation processes.

The task force created to advise the CEC on this project can report the following advances to date:

- Development of the framework that has defined the present scope of the project. In this regard, it was principally agreed to concentrate in this stage on those ESM requirements having significant transboundary implications.
- For activity 1, the group provided the terms of reference under which the report has been developed. The recommended areas of focus for the analysis are: a) current flow of hazardous waste among the three countries, b) enforcement of ESM standards in the domestic and transboundary movement, and c) a comparison of the legal requirements for handling hazardous waste in each of the three countries.

A first draft of the report has been finalized and is being now reviewed by the task force. Further steps to be taken under this activity include the elaboration of recommendations for improving implementation of ESM standards domestically; identify priority areas for more specific comparative analysis; and, identify elements that could usefully be included in a North American ESM approach.

- For activity 2, the task force is at present studying the best approach to join the current US-Canadian effort to document and examine the monitoring processes for the movement of hazardous waste across the Canadian-US border. The CEC’s intention in undertaking this project is to develop as well the US-Mexico and Mexico-Canada components.

The end result of the first stage of this project will be a report on the legal requirements, operations, procedures and processes, and the current monitoring systems involved in the importation and exportation of hazardous waste. The document may be used as a strategic tool to help improve current monitoring systems and support recommendations promoting the adoption of a compatible electronic monitoring system throughout the region.

5.3 *North American Regional Enforcement Issues*

5.3.1 *Regional Enforcement Network*

The North American Working Group on Environmental Enforcement and Compliance Cooperation (EWG), a group of enforcement officials from each of the three countries, has met regularly since 1995 and given guidance to the CEC in projects such as voluntary compliance initiatives and a needs assessment for tracking and enforcement of transboundary movement of hazardous wastes.

The EWG had its annual meeting on 7–8 February 2002. That meeting provided an excellent opportunity for the group to introduce its new members, as well as JPAC members, to the work it has been doing, and discuss work on the following agenda topics: a) enforcement and compliance priorities for Canada,

Mexico and the United States, b) border environmental safety and control measures, c) transboundary movement of hazardous waste, d) training in mutual legal assistance, e) enforcement of ODS laws, f) enforcement of forestry measures, g) citizen participation in EWG projects, and h) preparation of the report to Council on the follow-through and implementation of the guidance document “Improving Environmental Performance and Compliance.”

The special circumstances preceding the meeting should be noted. The changes of administrations in the United States and Mexico, as well as administrative changes in Environment Canada, had led the group to postpone its 2001 meeting and with it the discussion of new cooperation projects. Despite the fact that the development of existing EWG projects was not affected by this circumstance—they were undertaken in a timely manner, the group’s annual meeting was critical for the continuity of projects and for exploring new areas of cooperation.

5.3.2 *Collaborative work with the SMOC program*

The EWG has been closely working with the SMOC group on one particular area under the mercury NARAP—controls on the transboundary movement of mercury for processing and final disposal. In this regard, background papers from all three countries have been produced and are now under revision of both the EWG and SMOC’s Mercury Task Force. The reports include information such as: a) regulations and policies pertaining to mercury and mercury products and wastes, b) the scope of the cross-border trading of such materials, c) existing control mechanisms for the importation and exportation thereof, and d) recommendations for the proper monitoring of cross-border flows.

5.4 ***Enforcement and Compliance Capacity Building***

Capacity building efforts address both wildlife enforcement and pollution tracking and control.

Capacity building with respect to wildlife enforcement is carried out in conjunction with the North American Wildlife Enforcement Group (NAWEG). The work of NAWEG shifted focus from CITES training to public participation issues in 2001. Originally planned for the fall of that year, NAWEG organized a two-day forum on public participation in wildlife enforcement activities that took place in Washington, DC, last February 28 and March 1. The conference’s primary objectives were to: identify various avenues for public participation; explore differences in wildlife enforcement in the three countries; build public support for enforcement; and develop recommendations for building partnerships between agencies and the public. Participants from nongovernmental organizations (NGOs), academia and the private sector from all the three countries participated in breakout groups and developed recommendations. NAWEG is now analyzing these recommendations for follow up, as appropriate.

NAWEG met in Nuevo Vallarta in April 2002, in conjunction with the meeting of the Trilateral Committee on Wildlife and Ecosystem Management and Conservation. NAWEG used this meeting as a working session to start the preliminary work of its 2002 seminar and to review the group’s policy and long-term strategy. Results of this meeting include: adoption of a long-term strategic plan for NAWEG; preliminary work for its 2002 seminar on enforcement issues regarding trade and illegal harvest of protected plant species; the decision to maintain the training exchange program, promote contact and participation with other enforcement networks, and opening NAWEG issues to public participation through its web page.

Capacity building for pollution tracking focused on the training workshop on the illegal trafficking of ozone-depleting substances (ODSs) that took place in Mexico City on 6–7 November 2001. The event, considered a great success by the representatives of the three governments during the last EWG meeting, brought together participants from the three countries’ customs agencies, as well as government officials of the Office of the Federal Attorney General for Environmental Protection (*Procuraduría Federal para la Protección al Ambiente*—Profepa), Environment Canada, the US Department of Justice and the US

Environmental Protection Agency. Representatives of the United Nations Environment Program, the NGO "Environmental Investigation Agency." As well, the companies DuPont México and Quimobásicos participated in the workshop. Various participants received training in the theoretical and practical aspects of ODS, such as: a) awareness of the environmental and health implications of the thinning of the ozone layer, b) the Montreal Protocol and the implementation thereof within the regulatory framework of the three countries, c) enforcement experiences in Canada and the United States, d) routes and methods of the illegal ODS traffic, e) identification of ODS containers, and f) an analysis of practical cases.

Given the success of this training event, at present the EWG is doing preliminary work to develop a similar workshop this year. As well, another initiative on capacity building under development by the EWG is the organization of a seminar for enforcement officials from the three countries on the use of mutual legal assistance mechanisms as tools for improving the enforcement of each Party's environmental laws. Both seminars are projected to take place this fall.

5.5 *Enforcement and Compliance Reporting*

In the fall of 2001 the Special Enforcement Report prepared by the EWG was printed and hard copies of the report were distributed to the members of the EWG, JPAC, the Permanent General Committee and various law schools in North America, NGOs, consultants, academics, governmental representatives and environmental groups. Since June of last year the electronic version of the Special Enforcement Report is available for consultation in the CEC's web site.

The Enforcement Working Group hopes to issue reports of this type periodically so that, over time, the public will obtain a more complete picture of the full range of enforcement and compliance promotion activities undertaken in each country, as well as the challenges faced by enforcement agencies in carrying out their mandates.

For the 2001 report, the EWG choose to focus on three issues: 1) compliance promotion, 2) compliance verification (inspection), and 3) measurement of program results. Various topics for developing this year's special report on enforcement were suggested at the last EWG meeting, although the group did not reach a consensus and will continue discussing the choice of the report's topic in an upcoming conference call.

5.6 *Sustainable Use and Conservation of Freshwater in North America*

The CEC held an expert workshop to scope areas of potential cooperation in this area, on 21 January 2002, at the Munk Centre for International Studies in Toronto, Ontario. Experts highlighted information needs, data gaps and reporting opportunities related to groundwater in North America. A meeting report summarizing what was said is available on request from the CEC or can be downloaded from http://www.cec.org/pubs_docs/documents/index.cfm?varlan=english&ID=751.

Experts are currently developing a long-term vision for the CEC in this area, along with specific options for sustainable watershed management (including pricing and technology) for Council's consideration in fall 2002.

6 *Secretariat Report on the Environmental Challenges and Opportunities of the Evolving North American Electricity Market*

The combination of restructuring and increased international trade in electric power in North America presents challenges to, and opportunities for, environmental policy. The sector has long been a major source of several key air pollutants and associated environmental impacts, including mercury and acid rain, as well as non-air environmental problems, such as potential impacts of transmission on children's

health, and land-use changes. The sector has also made important progress in the decoupling of total electric power generation from total emission levels.

In November of 1999, under NAAEC Article 13, the CEC began to examine the environmental opportunities and challenges associated with electricity restructuring in North America. In January 2001, the first meeting of the Advisory Group on Electricity and the Environment took place, bringing together senior representatives of the utilities sector together with environmental and regulatory experts. The Advisory Group, chaired by the Hon. Phil Sharp, advised the Secretariat on the development of the initiative on Electricity and the Environment. A report will address the environmental opportunities and challenges facing the evolving continental electricity market including demand-side efficiency and incentives—two main issues identified by the advisory board during the meeting.

A draft discussion paper and six draft background papers were produced on topics relating to electricity and the environment in the context of the evolving North American electricity market, and released to the public at the CEC's Electricity and Environment symposium, which took place in San Diego, California, 29–30 November 2001. The symposium itself was opened by Canada's Minister of Environment, David Anderson, and attended by close to 100 experts from industry, environmental NGOs, academia and the governments of Canada, Mexico and the United States. The meeting was also attended by interested members of the public. The purpose of the symposium was twofold: to gather public and expert input on the documents produced by the CEC Secretariat, as well as to obtain the public's comments on issues of relevance to the electricity and environment initiative more generally.

These papers were subsequently revised, partly from input received at the symposium and partly on comments received from the public, industry, NGOs and governments on the draft reports during the public comment period following the event. The final Article 13 report, including the recommendations of the Advisory Board, the Secretariat report, the final versions of the background papers presented at the November symposium, as well as three other background papers released subsequent to the symposium, were transmitted to Council on 15 April 2002. The Secretariat is now awaiting instructions from Council on further activities.

7 Submissions on Enforcement Matters

NAAEC's Article 14 gives members of the public in North America a tool to request the CEC to develop factual records regarding assertions that governments are failing to effectively enforce environmental laws. In the past year, consistent with the emphasis on timeliness in Council Resolution 01-06, the Secretariat has significantly reduced the backlog of pending actions and improved the speed of its review of determinations under Articles 14(1) and (2). The addition of a second Legal Officer to the SEM Unit in September 2001 has helped to ensure continued progress in this regard. In February 2002, the CEC published its third final factual record, which has led to renewed interest in addressing the serious environmental and health risks associated with the abandoned *Metales y Derivados* site in Tijuana, Mexico. The Secretariat is currently preparing six additional factual records and is on track to finalize five of them by the end of 2002.

7.1 Status of the Twelve Submissions under Review as of 10 May 2002

7.1.1 Factual Records in Development

The following six factual records are being developed as instructed by Council under Resolutions 01-08, 01-09, 01-10, 01-11, 01-12 (16 November 2001) and 02-02 (7 March 2002) respectively:

- 1) **Oldman River II.** SEM-97-006/*The Friends of the Oldman River* (concerning Canada's enforcement of the Canadian Environmental Assessment Act and the Fisheries Act)

- 2) **Aquanova.** SEM-98-006/*Grupo Ecológico Manglar A.C.* (concerning Mexico's enforcement in regard to the shrimp aquaculture activities carried on by the company Granjas Aquanova, S.A. de C.V. in Isla del Conde, San Blas, Nayarit).
- 3) **Migratory Birds.** SEM-99-002/*Alliance for the Wild Rockies, et al.* (concerning enforcement by the US of the Migratory Bird Treaty Act against logging operations).
- 4) **BC Mining.** SEM-98-004/*Sierra Club of British Columbia, et al.* (concerning Canada's enforcement of the Fisheries Act against mining operations in British Columbia).
- 5) **BC Logging.** SEM-00-004/*David Suzuki Foundation, et al.* (concerning Canada's enforcement of the Fisheries Act against logging operations in British Columbia).
- 6) **Río Magdalena.** SEM-97-002 / *Comité Pro Limpieza del Río Magdalena* (concerning Mexico's enforcement in relation to wastewater discharges).

The Secretariat began executing the overall plans to develop these six factual records by inviting the Submitters, the Parties, JPAC, interested nongovernmental organizations or persons to submit information relevant to the factual records, in accordance with Article 15(4) of the NAAEC. The Requests for Information describing the scope of the information to be included in the factual records and giving examples of relevant information are posted on the CEC web site, as are the overall plans.

Consistent with Council Resolution 01-06, which encourages the Secretariat to make best efforts to process submissions in a timely manner, five of the factual records are currently scheduled for completion by November 2002, and the sixth is currently scheduled for completion by February 2003.

7.1.2 *Development of Factual Record pending Council Resolution*

Molymex II. On 20 December 2001, the Secretariat informed the Council that the Secretariat considers that submission SEM-00-005 / *Academia Sonorense de Derechos Humanos et al.* (concerning Mexico's enforcement in relation to air quality and environmental impacts of molybdenum processing plant) warrants developing a factual record.

The Council has voted unanimously to instruct the Secretariat to proceed with the preparation of a factual record, and the Parties are finalizing the Council Resolution providing the instructions.

7.1.3 *Determinations Pending Whether Factual Records are Warranted Under Article 15(1)*

- 1) **Cytrar II.** SEM-01-001 / *Academia Sonorense de Derechos Humanos, A.C. et al.* (concerning Mexico's enforcement in relation to this hazardous waste landfill).
- 2) **Tarahumara.** SEM-00-006 / *Comisión de Solidaridad y Defensa de los Derechos Humanos, A.C.* (concerning Mexico's enforcement in relation to access to environmental justice to indigenous communities).
- 3)
- 4) **Ontario Logging.** SEM-02-001 / *Canadian Nature Federation et al.* (concerning Canada's enforcement of section 6(a) of the Migratory Bird Regulations against the logging industry in Ontario).

These submissions are being reviewed by the Secretariat in light of the Party's response to determine whether development of a factual record is warranted.

7.1.4 *Submission Awaiting Party Response*

Mexico City Airport. On 7 February 2002, the Secretariat received submission SEM-02-002 filed by Jorge Rafael Martínez Azuela, et al. (concerning Mexico's enforcement of its environmental law with respect to the noise emissions originating at that airport). The Secretariat requested a response from Mexico on 22 February 2002.

7.1.5 *Determinations Pending Under Articles 14(1) and (2)*

Pulp and Paper. On 8 May 2002, the Secretariat received submission SEM-02-003, filed by the Sierra Legal Defence Fund on behalf of several NGOs (concerning Canada's enforcement of the *Fisheries Act* and *Pulp and Paper Effluent Regulations* in connection with pulp and paper mills in Ontario, Quebec and the Atlantic Provinces). The Secretariat is reviewing the submission under Articles 14(1) and (2).

7.1.6 *Council's Decision on the Public Release of the Final Factual Record*

Metales y Derivados. On 11 February 2002, the Secretariat released to the public the Final Factual Record for SEM-98-007 in accordance with Council Resolution No. 02-01, dated 7 February 2002. Publication of the Final Factual Record terminated the process for this submission.

7.2 *Historical Background of Submissions*

The twenty-two submissions that are no longer pending were addressed as follows:

Eleven submissions have been dismissed on the grounds that they did not warrant further consideration based on Article 14(1) or (2) :

- Spotted Owl- SEM-95-001/Biodiversity Legal Foundation et al.
- Logging Rider- SEM-95-002/Sierra Club et al.
- Tottrup- SEM-96-002/Aage Tottrup
- CEDF- SEM-97-004/Canadian Environmental Defence Fund
- Biodiversity- SEM-97-005/Animal Alliance of Canada et al.
- Guadalajara- SEM-98-001/Instituto de Derecho Ambiental, A.C., et al.
- Ortiz Martínez- SEM-98-002/Ortiz Martínez
- Molymex I- SEM-00-001/Rosa María Escalante de Fernández
- Jamaica Bay- SEM-00-003/Hudson River Audubon Society of Westchester, Inc., et al.
- AAA Packaging- SEM-01-002?
- Dermet- SEM-01-003/Mercerizados y Teñidos de Guadalajara, S.A.

Two submissions have been terminated under Article 14(3)(a):

- Methanex- SEM-99-001/Methanex Corporation
- Neste Canada- SEM- 00-002/Neste Canada Inc.

Four submissions have been terminated under Article 15(1):

- Oldman River I- SEM-96-003/The Friends of the Oldman River
- Lake Chapala - SEM-97-007/Instituto de Derecho Ambiental
- Cytrar- SEM- 98-005/Academia Sonorense de Derechos Humanos
- Great Lakes- 98-003/Department of the Planet Earth et al.

One submission has been withdrawn by the Submitters:

- Fort Huachuca- SEM-96-004/The Southwest Center for Biological Diversity et al.

Three factual records have been prepared and made public:

- Cozumel- SEM-96-001/Comité para la Protección de los Recursos Naturales, A.C. et al.
- BC Hydro- SEM-97-001/B.C. Aboriginal Fisheries Commission et al.
- Metales y Derivados - SEM-98-007/Environmental Health Coalition et al.

The Council has dismissed one submission under Article 15(2), following notification from the Secretariat that preparation of a factual record was warranted:

- Quebec Hog Farms- SEM-97-003/Centre québécois du droit de l'environnement et al.

8 Public Participation and Transparency

Public participation and transparency are core values that are reflected in both the design and operation of the CEC. An active and engaged JPAC as well as the National Advisory Committees (NACs) and Government Advisory Committees (GACs) are successful in facilitating public discussion and input on various issues and have played important roles in providing valuable advice to Council and ministers respectively. The citizen submission process under Article 14 helps contribute to a better understanding of effective enforcement, and promotes North American values of openness, transparency, and accountability at all levels of government. As well, the CEC facilitates the development of environmental information and public access to that information.

At the June 2001 Regular Session of Council in Guadalajara, Council suggested that the Secretariat could prepare a summary of confidentiality regulations in Canada, the United States and other countries, with a view to providing Mexico with examples in this area (Summary Record for the 2001 Regular Session of Council, Item 5). In response, the Secretariat updated a 1999 CEC report, entitled “Public Access to Government-held Environmental Information,” and included a summary of confidentiality regulations at the end of each country report. The report is currently being reviewed by the General Standing Committee and is expected to be released in the fall.

9 Partnerships and Capacity Building

Partnerships

The CEC draws significantly on the expertise found in universities, NGOs, business groups and government agencies. It depends on its ability to reach out to other organizations and collaborate with them to achieve concrete results. There are good examples of effective partnerships with other organizations that are contributing to valuable progress:

- The CEC has collaborated with many organizations to establish the North American Biodiversity Information Network (NABIN), including the US Geological Survey (USGS), the Integrated Taxonomic Information System (ITIS-North America), Agriculture Canada, the Smithsonian Institution, the Canadian Biodiversity Information Network (CBIN), the *Red Mundial de Información*

sobre Biodiversidad (Remib), the *Comisión Nacional para el Conocimiento y Uso de la Biodiversidad* (Conabio), NatureServe, The Nature Conservancy (TNC), the US National Oceanic and Atmospheric Administration (NOAA), the US National Biological Information Infrastructure (NBII), Environment Canada's Environmental Management and Assessment Network (EMAN), Species 2000, Canadian Information System for the Environment (CISE), Yellowstone to Yukon Initiative (Y2Y), Baja to Bering Initiative (B2B), as well as with other international initiatives such as the Inter American Biodiversity Information Network (IABIN), the Convention on Biological Diversity Clearinghouse Mechanism (CHM), and the Global Biodiversity Information Facility (GBIF). NABIN's affiliations with academic institutions include the universities of Calgary and McGill in Canada, the University of Kansas and UC-Davis in the United States, and UNAM and UAM in Mexico.

In its capacity as facilitator, NABIN has also been closely associated with other CEC programs and projects to promote internal synergy such as the North American Bird Conservation Initiative (NABCI), the Species of Common Conservation Concern (SCCC), the Marine Protected Area Network (MPA), and the Marine Mapping project. Scoping studies continue so that NABIN can also better serve the programs in Pollutants and Health, and Environment, Economy and Trade.

The CEC yields a strong capability to leverage cooperative capabilities while promoting the participation of foundations and financing institutions, primarily through the National Science Foundation, the Environmental Protection Agency (EPA), NOAA, Atlas Canada, and the National Institute of Ecology-Semarnat.

- The CEC is an active member in the Inter-organization Programme for the Sound Management of Chemicals (IOMC) Technical Coordinating Group on Pollutant Release and Transfer Registers, which includes a number of UN organizations, OECD, national and nongovernmental organizations. The Commission has lead responsibility for coordinating the group's report to the Intergovernmental Forum on Chemical Safety (IFCS) on progress on PRTRs worldwide. UNITAR has been an informal partner of the CEC with the mutual aim of supporting the further development of the national PRTR program, the RETC, in Mexico.

The CEC is working collaboratively with PAHO and the IJC Health Professionals Task Force and in consultation with WHO on the development of indicators of children's environmental health in North America.

Capacity Building

One of the important conclusions that can be drawn from the work of the CEC is that investment in high levels of environmental protection and the effective enforcement of environmental laws will enable countries to come to terms with any environmental challenges raised by liberalized trade. While Canada and the United States have technical and financial resources to address environmental concerns, the resources available to Mexico are more limited. The CEC has undertaken efforts to strengthen the capacity of government, business and NGOs in specific areas:

- **Sound Management of Chemicals:** In May 2002, the joint proposal of the CEC, PAHO and the eight participating countries was approved by the Global Environment Facility (GEF). The GEF Executive Council granted the project a total of US\$7,495,000. The Commission is providing the amount of US\$200,000 during its implementation.

The program will run for a three-year period. Its main objective would be to demonstrate that malaria vectors in Mexico and Central America can be cost-effectively, replicably and sustainably controlled without the use of DDT. In addition to the US\$7,495,000 from the GEF, the funds invested by the eight participating countries (\$2,544,000), and the US\$200,000 from the Commission (added to the

\$100,000 used in the preparation phase of the proposal for a total of \$300,000), a contribution of \$754,000 from the Pan American Health Organization will yield a grand total of \$11,093,000. This project helps ensure that the progress made in North America in eliminating DDT is reinforced by actions in Central America.

- **Pollutant Release and Transfer Inventory** (Pollutant Release and Transfer Register): The CEC has provided support to Mexico in the development of its RETC program, including support for outreach and training activities for industry, development of a guidance manual on release estimation techniques, supporting the organization of several multi-stakeholder meetings on the further development of the RETC program, and facilitating the sharing of experiences among the three countries with a view to assisting Mexico to benefit from existing experiences.
- **Pollution Prevention:** Pollution Prevention Fund (*Fondo para Proyectos de Prevención de la Contaminación—Fiprev*)

With the contributions from the CEC and the *Fundación Mexicana para la Innovación y Transferencia de Tecnología en la Pequeña y Mediana Empresa* (Funtec) to Fiprev this year, the fund has amassed operating capital of more than US\$1 million. So far, 38 loans have been extended for an equal amount. Environmental and economic follow-up on the projects has shown that the investments are generally recovered within one year; that the projects are viable to such an extent that they have no outstanding debts; that the savings achieved to date by these 38 projects are on the order of US\$1.1 million annually, and that estimated water savings of 133,250 cubic meters and chemical pollutant reductions of 2,450 metric tons per year are being achieved.

In order to promote Fiprev's capacity to support Mexican small and medium-size enterprises, negotiations have taken place with *Nacional Financiera* (the Mexican federal business development bank) and the Ministry of Economic Development (*Secretaría de Economía*) to obtain their participation in pollution prevention financing activities. The latter has made a contribution of US\$265,000 to Fiprev, which has in turn created the administrative infrastructure to draw on funds of up to US\$1 million from *Nacional Financiera*. This will significantly increase Fiprev's lending capacity.

- **Air Quality:** The CEC is working with the Government of Mexico to develop a core team of experts on air pollution and research staff with a view to having a 'single point of communication' within Mexico that can work with similar networks at the international level. To accomplish this, the CEC, in collaboration with the US/Mexico Foundation for Science, established the first national association of air quality professionals in Mexico. To enhance technical capacity for emission inventory development, the CEC plans to sponsor a workshop on the use of the new MOBILE6 mobile emissions inventory model during 2002. The CEC will also explore the development of a common emissions data exchange format to facilitate the transfer of air emissions information across borders. To accomplish these goals, the CEC is supporting work by the Western Governors' Association (WGA) to develop emissions inventory information in Mexico. Also in 2002, a pilot truck smoke-testing project, co-sponsored by the CEC, is being conducted by NESCAUM, the province of Ontario, and the state of New York at a border crossing in Buffalo, NY/Niagara, Ontario.
- **Enforcement and Compliance Capacity Building:** NAWEG shifted its focus in 2001 from CITES training to public participation issues with a two-day forum on public participation in wildlife enforcement activities in Washington, DC, and a Nuevo Vallarta meeting related to, among other things, enforcement issues regarding trade and illegal harvest of protected plant species and promote participation in enforcement networks.

The CEC's training workshop on the illegal traffic in ozone-depleting substances took place in Mexico City in November 2001, and brought together representatives from numerous governmental agencies, NGOs, and industry (see section 5.4, above, for a more complete listing). The workshop dealt with various aspects of ODS effects, trafficking, and enforcement experiences. The strong success of the workshop has led EWG to begin planning a similar workshop for later this year.

The Commission can play an important role as a catalyst for capacity building, involving building technical and official consensus on priorities, brokering partnerships, and project definition and preparation.

10 North American Fund for Environmental Cooperation

The North American Fund for Environmental Cooperation (NAFEC) has awarded 160 grants, for a total of US\$5.8 million, since 1996 to community-based projects. A new round of grants will be announced in late June 2002, which will focus on projects related to renewable energy, energy conservation or energy efficiency. Preference will be given to projects that build on energy-related initiatives to develop other components of a sustainable economy.

NAFEC has continued its efforts to promote networking and exchange among its grantees and other NGOs involved in projects related to CEC's work. NAFEC's information base and networking capacity have been used to enhance public participation in the work of the CEC; particular efforts have been made recently in relation to the project on Children's Health and the Environment (building on NAFEC grants from 2001).

A workshop on North American environmental issues and the CEC will be offered as part of the Concordia University Institute in Management and Community Development Summer Program (which attracts representatives from approximately 800 community organizations) just prior to the June Regular Session of Council.

In addition, NAFEC continues to collaborate with other grantmakers and recently hosted the annual meeting of the Canadian Environmental Grantmakers' Network. This provided an opportunity to highlight CEC work in several areas, and discuss the importance of a North American context and of providing support to cross-border initiatives.

NAFEC-supported projects frequently benefit from local media coverage and are profiled in CEC's newsletter, *Trio*, thus providing concrete examples of how CEC's efforts play out on the ground.

Proposed modifications to the *NAFEC Administration and Funding Guidelines* (to reflect the current realities of NAFEC and the CEC) were discussed at the JPAC regular session on 8 March 2002, and are currently under discussion by the General Standing Committee (GSC).

11 Communications and Outreach

The CEC's web site continues to attract large numbers of visitors, many of whom are using the site to obtain CEC publications and documents. Interest in our activities continues to increase, with some 91,000 people visiting the site in April 2002 alone—up from 20,000 visitors in July 2000. And our reports continue to be in high demand: as an example, more than 78,000 people have down-loaded copies of our first-ever State of the Environment Report since its release in January 2002; and, since its publication in July 2001, visitors downloaded 10,000 electronic copies of *Taking Stock 98*.

Since early November, the Communications Department made a variety of announcements about the Secretariat's programs and meetings, while continuing to disseminate information about Council and JPAC activities. Highlights include:

29 May 2002

North American industry generated 3.4 million tonnes of toxic pollutants in 1999

[Sixth annual *Taking Stock* report released today with] first CEC five-year analysis reveals major changes in how pollutants are handled.

22 May 2002

CEC Council instructs Secretariat to prepare factual record on Molymex II submission

The Council of North America's Commission for Environmental Cooperation (CEC), on 17 May 2002, instructed the CEC Secretariat to prepare a factual record for the Molymex II submission ([SEM-00-005](#)).

30 April 2002

CEC's innovative pollution prevention fund spotlighted at Prague UNEP meeting

The Executive Director of the Commission for Environmental Cooperation (CEC) of North America today presented details of a pollution prevention program she described as "successful, unique and relevant."

12 March 2002

JPAC calls for comments on the work plan issue related to the implementation and further elaboration of NAAEC Articles 14 and 15

4 March 2002

CEC highlights success of Mexican DDT project, looks to expand to Central America

The Executive Director of the CEC today highlighted the success of an initiative to eliminate use of the persistent organic pollutant DDT.

11 February 2002

Secretariat releases final Metales y Derivados factual record

Pursuant to Article 15(6) of the North American Agreement on Environmental Cooperation (NAAEC) the Secretariat publishes a factual record in response to a public submission that Mexico failed to effectively enforce its environmental law in connection to an abandoned lead smelter in Tijuana, Baja California.

14 January 2002

CEC's environment fund issues continent-wide call for proposals

Energy and sustainable development the focus of 2002 grants

29 November 2001

Call for comments on Electricity and the Environment Initiative discussion paper

6 November 2001

CEC identifies over five million metric tons of possible carbon reductions in Mexico

Selling credits could be worth over US\$50 million to small and medium-size enterprises

12 Administration

12.1 Finances

On 10 December 2001, the Understanding between the *Commission for Environmental Cooperation* and the *Gouvernement du Québec* was signed. The exemptions, fiscal advantages, as well as pending courtesies have been implemented or received.

The audit corresponding to the financial statements for year 2001 has been completed. Samson Bélair/Deloitte & Touche stated that “*internal controls in place with respect to the various accounting cycles were operating effectively and efficiently throughout the 2001 financial year.*” The auditing firm, for the first time, deemed that it was not necessary to make recommendations with respect to the presentation of said financial statements. On 10 December 2001, the Understanding between the *Commission for Environmental Cooperation* and the *Gouvernement du Québec* was signed. The exemptions, fiscal advantages, as well as pending courtesies have been implemented or received.

The audit corresponding to the financial statements for year 2001 has been completed. Samson Bélair/Deloitte & Touche stated that “*internal controls in place with respect to the various accounting cycles were operating effectively and efficiently throughout the 2001 financial year.*” The auditing firm, for the first time, deemed that it was not necessary to make recommendations with respect to the presentation of said financial statements.

12.2 Human Resources

The Secretariat has been strengthened by the following additions:

Evan Lloyd is our new Communications Director, replacing Charles Dickson. Evan has extensive experience as a senior public sector communications manager.

Tim Whitehouse is replacing Darlene Pearson as Head of the Law and Policy Unit. Tim previously has worked for the Environmental Protection Agency as an attorney-advisor in EPA’s International Enforcement and Compliance Division.

Doug Wright, formerly of Resources Future International, is replacing Greg Block as Director of Programs.

Katia Opalka, formerly of McCarthy Tetreault, has joined the Submissions on Enforcement Matters unit.

In an effort to improve the efficiency and productivity of the Secretariat, two positions have been eliminated and tasks reallocated. The NAFEC Coordinator’s position has been reconsolidated and Manon Pepin will be supervising NAFEC. The position of Program Evaluation and Council Secretary has also been eliminated. The Deputy Council Secretary will assume full responsibility for supporting Council as Council Secretary.

12.3 Monitoring and Evaluation of Projects

The *Evaluation Framework of the CEC—Principles and Procedures* and an overview of the chronological development of the CEC program evaluation process were forwarded to the Parties on 29 January. This framework takes into account the results of the critical review of the logic underpinning the initial *Implementation of a Monitoring and Evaluation Framework for the CEC*, recently completed by Consulting and Audit Canada (CAC).

The framework, intended to guide CEC area directors and program managers in the preparation of an evaluation baseline for the organization, reviews the basics of monitoring and evaluation, and introduces key Results-based Management (RBM) concepts (as per JPAC’s recommendation). This document includes both planning and reporting templates that are required for the evaluations. These templates represent a compromise between accepted current evaluative standards and CEC capacity at this point in time. They will be revised for the second round of evaluations.

The Director of Administration and Finances will assume responsibility for implementing program evaluations, in collaboration with the Director and Program Heads.

12.4 *PM OnLine*

In order to improve its budgetary information, the Secretariat has been developing a program management tracking system. Now in its final phase of implementation, the system should be launched this autumn.

**TIMELINE AND PROCESS FOR COMPLETION OF THE
2003-2005 PROGRAM PLAN AND BUDGET**

WHAT	WHO	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
Introduction	DW/VS	12						
Environment, Economy and Trade	DW/VS/SV	12						
Conservation of Biodiversity	DW/VS/HH	12						
Pollutants and Health	DW/VS	12						
Law and Policy	DW/VS/TW	12						
SOUN	DW/VS	12						
NAFEC	MP	12						
Budget	DW/ED	12						
Editing of English version	Doug	26						
Translation - Spanish	Translator	26						
Editing - Spanish	Miguel	26						
Translation - French	Translator	26						
Editing - French	Raymonde	26						
Compile	Yamirka							
Secretariat provides Proposed 3YPP and Budget to Council and JPAC								
Parties review Proposed 3YPP and Budget	DW/Yamirka	9			11			
Alternate Representatives Session to review and discuss 2003-2005 Proposed Program Plan and Budget					TBD			
Secretariat prepares 2003-2005 Program Plan and Budget Rev. 1	DW/VS/PMs							
Editing English version of Rev. 1	Doug				1			
Translation - Spanish Rev. 1	Translator				1			
Editing - Spanish Rev. 1	Miguel				1			
Translation - French Rev. 1	Translator				1			
Editing - French Rev. 1	Raymonde				1			
Compile	Yamirka				4-8			
Secretariat provides 3YPP and Budget Rev. 1 to Council and JPAC	DW/Yamirka					12		
Parties review 3YPP and Budget Rev. 1						13-15		
GSC Sessions to pre-approve 2003-2005 Program Plan and Budget - as required								
2002-2004 Program Plan and Budget pre-approved						13-22		
						22		
Alternate Representatives Session								
Formal approval of 2003-2005 Program Plan and Budget							TBD	

Please note all dates represent deadlines for completion

OVERVIEW OF ACTIVITIES PER EVALUATED AREA FOR 2002

		Jan			Feb			Mar			Apr			May			Jun			Council Session	Jul			Aug			Sep			Oct			Nov			Dec		
		7	14	21	28	4	11	18	25	1	8	15	22	29	6	13	20	27	3		10	17	24	1	8	15	22	29	5	12	19	26	2	9	16	23	30	
Mexico Liaison Office	Evaluation templates																																					
	TORs																																					
	Selection of evaluator																																					
	Evaluation																																					
	Follow-up																																					
Conservation of Biodiversity	Evaluation templates																																					
	TORs																																					
	Selection of evaluator																																					
	Evaluation																																					
	Follow-up																																					
Law and Policy	Evaluation templates																																					
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	Follow-up																																					
Environment, Economy and Trade	Evaluation templates																																					
	TORs																																					
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	Evaluation																																					
	Follow-up																																					
Pollutants and Health	Evaluation templates																																					
	TORs																																					
	Selection of evaluator																																					
	Evaluation																																					
	Follow-up																																					

[illegible]

[illegible]

Environment, Economy and Trade

		Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec												
		7	14	21	28	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24	1	8	15	22	29	5	12	19	26	2	9	16	23	30
	Draft completed templates for review by PM's and Directors																																			
	Forward to PM's																																			
	Provide advice/help as required to PM's & Director																																			
	PM's Directors sign off																																			
	Circulate to stakeholder group																																			
	Draft ToR's																																			
	Circulate to stakeholder group																																			
	Follow-up with stakeholders																																			
	Incorporate comments																																			
	Finalize ToR's																																			
	Prepare RFP																																			
	post on web site and circulate to potential evaluators																																			
	Review proposals																																			
	Select evaluator																																			
	Finalize proposed workplan with evaluator																																			
	Finalize contract																																			
	Meetings with evaluators to review progress																																			
	Plan meeting with stakeholder group																																			
	Invite participants																																			
	Logistic arrangements																																			
	Chair meeting																																			
	Final report from evaluator																																			
	Evaluation recommendations/findings circulated																																			
	Implement/discuss, recommendation/findings																																			

