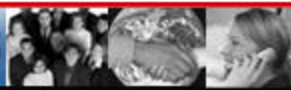


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Français	Contact Us	Help	Search	Canada Site
What's New	Topics	Publications	Weather	Home
About Us				

International Relations



Welcome

United Nations
Org. and ActivitiesRegional
Org. and ActivitiesMultilateral
Org. and ActivitiesNon-Governmental
OrganizationsBilateral
RelationsMultilateral
Agreements

Site Map

Other Useful
Links[Calendar of Events](#)

Bilateral Relations

Canada—Costa Rica



First Meeting of the Signatory Parties to the Canada – Costa Rica Agreement on Environmental Cooperation (CCRAEC)

June 11, 2004

San José, Costa Rica

1. [Opening Remarks](#)
 1. [Opening Remarks: Allan Flores Moya, Deputy Minister of Environment and Energy \(MINAE\) of Costa Rica](#)
 2. [Ricardo Ulate, Director General, Cooperation and International Relations, MINAE](#)
 3. [Nicole Ladouceur, Director General, International Relations Branch, Environment Canada](#)
2. [Joint Presentation on the CCRAEC's Progress and Opportunities](#)
3. [Discussion and General Analysis in Plenary](#)
 1. [Ricardo Ulate, Ministry of the Environment and Energy \(MINAE\)](#)
 2. [Ana Lorena Guevara, National Biodiversity Institute \(INBIO\)](#)
 3. [Ana Luisa Leyva, Office of the Minister, MINAE](#)
 4. [Gabriela Llobet, Deputy Minister, Ministry of Foreign Trade of Costa Rica \(COMEX\)](#)
 5. [Luisa Díaz, Costa Rica Chamber of Industries](#)
 6. [Ana Lorena Guevara, INBIO](#)
 7. [Nicole Ladouceur, Environment Canada](#)
 8. [Rolando Castro, Centre for Environmental Law and Natural Resources \(CEDARENA\) \(Costa Rican environmental NGO\)](#)
 9. [Jean François Dionne, Environment Canada](#)
 10. [Luisa Díaz, Costa Rica Chamber of Industries](#)
 11. [Ana Luisa Leyva, MINAE](#)
 12. [Marielos Alfaro, Union of Business Sector Chambers of Costa Rica](#)
 13. [Rolando Castro, CEDARENA](#)
 14. [Ana Lorena Guevara, INBIO](#)
4. [Closing Remarks](#)
 1. [Ricardo Ulate, MINAE](#)
 2. [Nicole Ladouceur, Environment Canada](#)

The First Meeting of the Signatory Parties to the Canada – Costa Rica Agreement on Environmental Cooperation took place on June 11, 2004, in San José, Costa Rica. As stipulated in the Agreement, the Parties must meet regularly to review progress on the Agreement's implementation, analyze fulfilment of the obligations it places upon the Parties, and explore options for future bilateral cooperation.

With the participation of government officials from the Parties, as well as representatives from the private sector and NGOs from Costa Rica, the First Meeting of the Parties officially initiated bilateral cooperation on environmental affairs between Canada and Costa Rica, focussing on areas that will enable the development of an inclusive working relationship concentrated on the basic function of the CCREAC: to guarantee that trade liberalization is carried out in harmony with the protection and conservation of the environment.

Canada and Costa Rica signed the CCREAC on April 23, 2001, and the Agreement entered into force on November 1, 2002. The signatory Parties committed to ensuring high levels of environmental protection and effectively applying their environmental laws. On making these commitments, Canada and Costa Rica acknowledged the growing economic, environmental and social links between both countries through the creation of a free trade area. They also acknowledged the differences in their respective socioeconomic, technological and infrastructural conditions.

This report presents a summary of the most important ideas discussed during the First Meeting of the Parties. The report is divided into four sections: opening remarks; a presentation on the Agreement's progress and opportunities (especially its obligations and cooperative framework); discussion and general analysis in plenary; and closing remarks.

1. Opening Remarks

1.1 Opening Remarks: Allan Flores Moya, Deputy Minister of Environment and Energy (MINAE) of Costa Rica

Mr. Flores Moya began by recalling the main objectives of the CCRAEC: improvement of the environmental laws of both countries; promotion of the environment; transparency and public participation; and bilateral cooperation to strengthen capacities to meet obligations. He also mentioned that the meeting could serve to establish mechanisms that permit the achievement of these objectives, especially those involving the exchange of information and experience, training and education, broad citizen participation, and technical assistance.

At the same time, Mr. Flores Moya stated that it was important to reiterate each Party's right to establish and modify its own environmental standards while always striving for high levels of environmental protection. In his opinion, the ongoing projects on emissions registries, pollutant transfers, audit accuracy and cleaner production will help to foster bilateral objectives regarding environmental protection within the framework of free trade. In this context, free trade agreements require Costa Rica to reach high standards in environmental protection given the competitiveness and nature of recipient markets. This is where Canada can help Costa Rica to improve its capacity to meet its obligations without losing competitiveness. According to Mr. Flores Moya, these ideas need to be discussed in depth, and the First Meeting of the Parties was, in his opinion, a suitable forum for this purpose.

Mr. Flores Moya finished by reiterating the Ministry's commitment to meet Costa Rica's obligations under the CCRAEC.

1.2 Ricardo Ulate, Director General, Cooperation and International Relations, MINAE

Mr. Ulate confirmed the CCRAEC's value for Costa Rica in providing a solid basis for creating a national vision regarding environmental management within the free trade context. Costa Rica has signed, and will sign, other free trade agreements that will

include environmental stipulations and obligations, and therefore the CCRAEC serves as a good starting point for improving its management capacities. However, the Agreement's general and specific objectives, from the fulfilment of obligations to cooperative activities, must be guaranteed through the effective integration of all relevant sectors that may discuss and reach pragmatic and comprehensive solutions. This is why other government and non-government organizations were invited to participate in this First Meeting of the Parties, as only a joint effort can set in motion the mechanisms that will achieve the national and bilateral objectives established by the Agreement.

1.3. Nicole Ladouceur, Director General, International Relations Branch, Environment Canada

Ms. Ladouceur began her speech by referring to the inexorable bond between trade and the environment that characterizes the CCRAEC. The free trade agreement helps the Parties to determine the rules of the game in the trade sphere, but at the same time the environmental side agreement establishes a series of principles to promote environmental protection through bilateral cooperation. From Canada's point of view, the mutual transfer of technologies, knowledge and experience should constitute a basic means of achieving these objectives. Canada also believes that trade liberalization and protection of the environment be mutually supportive, and the commitment made in the CCRAEC testifies that the Canadian government is willing to work together with Costa Rica to see that these two objectives are achieved in a balanced manner.

2. Joint Presentation on the CCRAEC's Progress and Opportunities

Enid Chavarri of MINAE and Jean-François Dionne of Environment Canada gave a presentation to explain the main features of the CCRAEC and its objectives, obligations and implementation provisions. In addition, they presented what had been done to implement the Agreement since its entry into force in November 2002 and the various cooperative activities undertaken thus far. Finally, they summarized the results of the June 9 Workshop on Trade and Environment and the June 10 Governmental Round Table on Trade and Environment.

(The presentation is attached.)

3. Discussion and General Analysis in Plenary

3.1 Ricardo Ulate, Ministry of the Environment and Energy (MINAE)

Referring to one of the priorities for cooperation identified in the presentation, specifically on the possibilities for certification of the Costa Rican forest industry, Mr. Ulate spoke about the opportunities presented by the United Nations Intergovernmental Forum on Forests. This initiative intends to discuss forest sustainability on all continents and thus be able to design a global strategy on the issue. Costa Rica has participated in this initiative from the beginning, and a meeting is planned for 2005 in Costa Rica to evaluate the results of the discussions and begin work on the global strategy. In the context of the meeting, it would be interesting to explore the possibility that Canada and Costa Rica lead the establishment of the regional strategy and present it during the meeting. Mr. Ulate indicated that Costa Rica is expected to improve its capacities in this field, and that Canadian assistance to further this important objective would be welcomed.

Secondly, and from a more general perspective, Mr. Ulate referred to a subject that greatly affects Costa Rica's capacity to fulfill its environmental obligations: cooperation funding. Two positions are held in the sphere of international cooperation: one, by the developing world, that asserts that new and additional resources are needed to promote sustainable development; and the other, by the wealthy countries, that states that developing countries need to seriously assume their responsibilities in this area and contribute resources for sustainable development and environmental protection. This debate has not provided positive results and has bogged down effective cooperation in many sectors. In Costa Rica alternatives have already been created to confront the

challenges resulting from this debate, such as tax and economic incentives to mobilize resources for sustainable development. To this end, Costa Rica is organizing a meeting of experts on economic instruments to discuss new mechanisms and experiences in order to mitigate the aforementioned debate, at least in the Costa Rican and perhaps the regional context. The meeting will take place in 2005.

3.2 Ana Lorena Guevara, National Biodiversity Institute (INBIO)

Ms. Guevara, representative of the Costa Rican NGO INBIO, introduced the following ideas:

- ✍ One of Costa Rica's fundamental goals is to promote conservation for development, and this must be done within the framework of the national strategy for biodiversity. Productive options for the country must be sought.
- ✍ INBIO is working on designing and implementing a project on biotrade to promote green production, develop communities and seek new markets for bioproducts. Canada could be one of those markets.
- ✍ A national plan on production alternatives (ecolabelling, etc.) is needed in Costa Rica.
- ✍ Assistance for SMEs is an urgent issue, especially for those that work in biodiversity and depend on trade. There is no adequate platform to support them and the government should take action on this matter. In her opinion, these green enterprises strongly contribute to the economy, and this is where the linkage between development and environmental protection must be acknowledged through positive and lasting actions.

3.3 Ana Luisa Leyva, Office of the Minister, MINAE

- ✍ Ms. Leyva referred to the institutional limitations in Costa Rica regarding the lack of capacity and resources to enforce the country's environmental legislation. The National Environmental Technical Secretariat (SETENA) must be systematically strengthened.
- ✍ Areas in which to focus environmental protection must be identified (it is difficult to try to do everything). Traditional and non-traditional waste management, biodiversity, fishing and sustainable transportation could be some of these priority areas.
- ✍ As mentioned above, Costa Rica needs to support and train SMEs (and micro-enterprises as well) so that they fulfill their environmental obligations.

Martin Roy, of Canada's Department of Foreign Affairs and International Trade, commented that care must be taken in establishing the expectations for cooperation in the CCRAEC, as the agreement is still recent and Costa Rica must set priorities that are pragmatic and can have a real impact. Using this as a starting point, Canada can find added value to cooperation with Costa Rica. Jean François Dionne also stated that Canada and Costa Rica have focussed their bilateral cooperation efforts on areas where Canada has technical experience: environmental information, emissions registries and pollutant transfers, and management of chemical substances (the coffee agenda that must be urgently addressed in Costa Rica). There are also initiatives on innovative instruments of environmental management, another project on biotrade and training of environmental SMEs, and finally, an initiative to strengthen SETENA. Therefore, cooperation until now has been focussed on the coffee agenda and institutional strengthening.

3.4 Gabriela Llobet, Deputy Minister, Ministry of Foreign Trade of Costa Rica (COMEX)

- ✍ The CCRAEC represents a new model for Costa Rica regarding management of the linkage between the environment and the economy. It is a good model because it emphasizes the need to promote bilateral cooperation to help the Parties fulfill their environmental obligations. In addition, the CCRAEC serves as a model in Costa Rica for negotiating other agreements of this kind.
- ✍ The main objective for the Parties is to demonstrate with concrete actions that the agreement is being implemented.

- ✍ On the other hand, the challenge of “institutionality” is enormous for Costa Rica, and this matter must be approached systematically and structurally through the government apparatus. MINAE must be strengthened, as well as other institutions that have jurisdiction over environmental issues. This must be done to give Costa Rica the capacity to meet its environmental obligations.
- ✍ Environmental legislation must be streamlined and reviewed to make it relevant to the country's current circumstances.
- ✍ Within COMEX the Trade Agreements Branch must be strengthened in order to obtain the institutional capacity to meet the various existing commitments.
- ✍ In this context, coordination between COMEX and MINAE must be increased to meet mutual commitments.
- ✍ COMEX has committed to biotrade projects regarding the search for markets, financial support through PROCOMER (Foreign Trade Corporation), and working on creating synergies between SMEs and the government.

3.5 Luisa Díaz, Costa Rica Chamber of Industries

- ✍ Any cooperation arising from the CCRAEC must attempt to strengthen what already exists in the country.
- ✍ As INBIO has stated, the development of new enterprises that incorporate the environmental aspect into productive processes must be encouraged. There is a national need for green production; sustainable production must be encouraged in all its phases.
- ✍ Two years ago Costa Rica established a regulatory framework for ecolabelling and certification. The next objective would be to harmonize it according to international standards.

3.6 Ana Lorena Guevara, INBIO

- ✍ The importance of educating citizens about the environment should not be forgotten. Education campaigns for businesses must also be carried out.
- ✍ Ideally, a pilot project on sustainable production at the national level would be developed.

3.7 Nicole Ladouceur, Environment Canada

- ✍ It is possible that Canada may share with Costa Rica its experience in implementing better environmental practices, especially in relation to green technology, green production and marketing green products.
- ✍ Canada can also share its experience regarding institutionality and its impact on environmental management.

3.8 Rolando Castro, Centre for Environmental Law and Natural Resources (CEDARENA) (Costa Rican environmental NGO)

- ✍ From CEDARENA's point of view, Costa Rica's environmental legislation lacks a policy that consistently supports its enforcement. That is, the most logical process for the country would be to have a national environmental policy first, and then mould and modify legislation according to that policy. The CCRAEC clearly refers to the Parties' obligations to continue to improve their environmental laws, and at the same time make these laws available to interested persons. Mechanisms for achieving these objectives must be sought.
- ✍ There is enormous potential in Costa Rica for carrying out the project on innovative instruments of environmental legislation.

3.9 Jean François Dionne, Environment Canada

Mr. Dionne spoke about the obligations of the agreement, and stated that the Parties must demonstrate their willingness to meet them (as the CCRAEC stipulates). With regard to this subject, Mr. Dionne asked the participants the following questions:

- ✍ What are the most important steps taken in Costa Rica to meet the obligations of the CCRAEC?
- ✍ What do you think of the progress Costa Rica has made, or can make, to meet these obligations?

3.10 Luisa Díaz, Costa Rica Chamber of Industries

Ms. Díaz responded to the questions with the following key ideas:

- ✍ The great difficulty in Costa Rica is the effective enforcement of environmental laws due to institutional deficiencies. In general, control over enforcement is almost nonexistent, and there is no follow-up by the government apparatus to enforce the laws permanently.
- ✍ There is no doubt that this problem makes it difficult for Costa Rica to fulfill its obligations under the CCRAEC. However, this could have even more serious consequences: in the context of CAFTA, environmental non-compliance may result in costly fines and sanctions.

3.11 Ana Luisa Leyva, MINAE

Continuing the subject broached by Ms. Díaz, Ms. Leyva added the following:

- ✍ It must be stressed that there is a great variety of environmental laws in Costa Rica. Yet there is no capacity to implement them. The focus of the laws is generally punitive (fines or prison) and this results in evasion by citizens and industries. In addition, there is no environmental awareness among the general public to obey environmental laws.

3.12 Marielos Alfaro, Union of Business Sector Chambers of Costa Rica

Ms. Alfaro's comments continued in the same critical vein:

- ✍ It must be remembered that when we speak of "institutionality" we are referring as much to the public sector as the private. Therefore, both sectors must be assisted and trained. The private sector must be incorporated into the country's "institutionality".
- ✍ The private sector in Costa Rica has a very clear understanding of its environmental and social objectives, but given the excessive and disorganized nature of environmental legislation, there are many obstacles to meeting these responsibilities. There must be a systematic legal code in the country.
- ✍ Economic and tax incentives are virtually prohibited in Costa Rica. An incentive mechanism must be encouraged, such as economic or tax credits, grace periods for complying with laws, strategic subsidies, etc. Canada can share its experiences in this area.
- ✍ One sector that has been much neglected is the forest sector. Production has fallen considerably because there is a series of disincentives that punish the sector, and logically this also affects economic growth and job creation.
- ✍ There is the desire to establish high environmental standards, but there are no incentive mechanisms to enforce them. This must change systematically.

3.13 Rolando Castro, CEDARENA

Duties and competencies are duplicated between several government institutions (MINAE, Health, Institute of Aqueducts and Drains), and therefore a way to clearly legislate the competencies belonging to each institution must be sought. If there are conflicts of competency, and sometimes even gaps due to lack of institutional demarcation, then obligations and environmental laws cannot be enforced.

3.14 Ana Lorena Guevara, INBIO

It is important to remember the need to promote citizen participation in projects that seek to promote environmental protection. Means of communication and information must be established, such as websites, etc., so that participation spreads and public awareness grows.

4. Closing Remarks

4.1 Ricardo Ulate, MINAE

Essentially, Mr. Ulate considered the First Meeting of the Parties very useful and worthwhile, and thought it represented a basis for continuing to work on bilateral cooperation to fulfill the obligations of the CCRAEC. Costa Rica affirmed that there is no turning back from the establishment of high standards of environmental protection, and these must be striven for ceaselessly, no matter how great the obstacles along the way.

Future actions must be concentrated on two basic objectives: first, the priorities of bilateral cooperation must be clearly defined; and second, efforts must be focussed on practical options based on a common vision that can be followed up constantly. At the same time, the linkages between trade and environment must be established according to a national vision that leads to the creation of a national strategy for environmental protection. It is within this context that bilateral cooperation must take place.

4.2 Nicole Ladouceur, Environment Canada

As Mr. Ulate indicated, Canada is willing to continue working on identifying concrete priorities that guide environmental bilateral cooperation within the framework of the CCRAEC. The First Meeting of the Parties has enabled us to discuss frankly and critically the obligations and expectations of the CCRAEC, and therefore it has been very useful to us. It is important to mention that these meetings are an extraordinary opportunity exchange ideas and experiences in a context of constant change in the international situation. Canada also faces similar challenges in many areas of environmental management, and given how rapidly these change, it is important to have the knowledge and capacity for institutional change at hand. And this is precisely where these dialogues and meetings help to strengthen existing initiatives, such as the need for public participation in environmental management, and to explore new ones that may be productive and arise from bilateral dialogue.

End of session.

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