

REPLICATION IN CENTRAL AMERICA OF MERCOSUR ACHIEVEMENTS IN MANAGEMENT OF TRADED HAZARDOUS SUBSTANCES



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Project Agenda

- **Project Goal**
- **Background**
- **Overview**
- **Approach**



Project Goal

To study the achievements of the MERCOSUR States in the realm of customs harmonization, and draft a similar model for Central America, covering issues such as customs codification, labelling issues, and licit and illicit chemical substance trade.



Background

Sound management of hazardous chemicals has consistently been a major concern of the Department of Sustainable Development, particularly in agricultural and mining sectors of Latin America and the Caribbean, given their human and economic importance for the Region



Examples of DSD former work relevant for this project

- ***“Preliminary Diagnostics on the available information on Hazardous Chemicals in the Region”***, by Michela Miletto and Andrea Salinas, October, 2006.
- **Initiatives such as the 2006-2008 project *“Supporting Trade-Related Capacity Building in Environmental Management”***, financed by the Canadian International Development Agency (CIDA).



Topics of this Project

- **Development of a hemispheric network which includes private and public actors**
- **Preliminary inventory of PTS and an on-line database;**
- **Compilation of existing legal, management and institutional capacities;**
- **Identification of opportunities to sustain a regional program for the sound management of chemicals;**
- **Sub-regional technical meetings;**
- **Outreach activities;**
- **A Regional Action Plan for the Sound Management of Hazardous Chemicals.**



Priority Topics

- **Phasing out pesticides: supporting chemical security reforms with particular attention to gender and poverty issues;**
- **Obsolete pesticide stockpiling: sites inventory and disposal;**
- **Prevention and control of mercury contamination from gold-mining activities;**
- **PCB: inventory, decontamination, disposal, and implementation of alternative technologies**



Trade and Environment in the Americas

As part of the DSD-executed initiative on Trade and Environment in the Americas, the Department is working on strengthening capacities of member States in the area of chemical substance management



Initiative on persistent toxic chemicals management

The OAS/DSD has been pursuing a research on most POPs and heavy metals.

This pilot study, for Chile and Nicaragua, will be replicated throughout Latin America in order to draw region-wide conclusions and formulate recommendations



Approach - Synergies

Use the experiences gathered by countries or groups of countries in a given area as an input for other nations which experience similar problems



MERCOSUR instruments

- **Agreement for the Facilitation of Dangerous Goods Transportation, formalized on 5th August, 1994, based on Art. 13 of the Asuncion Treaty (March 26th, 1991),**
- **Decision N.4/91 of the Common Market Council**
- **Resolution N. 39/94 of the Common Market Group,**
- **SGT Recommendation N. 1/94 N.5 on Road Transportation.**



International Instruments

- **Basel and Rotterdam Conventions (on Control of Hazardous Wastes and their disposal, and Prior Informed Consent, respectively)**
- **Requirements of :**
- **International Maritime Organization**
- **Civil Aviation International Organization**
- **World Bank**
- **OECD**
- **World Customs Organization, etc.**
- ***Greencustoms* Initiative**



MERCOSUR Customs Code

Provides that goods introduced into the customs territory that create dangers for public safety, health or life of human, animal or vegetable life, or the environment, can be returned to their place of origin, be sent to a different custom site, or destroyed under the Rules of Implementation (article 120)



Why the Central American region?

- **The Central American region has been selected for potential use of MERCOSUR achievements mainly because:**
 - **chemical trade –including illegal trade– is pervasive in the area**
 - **the level of customs harmonization and enforcement is insufficient**



Seal of Approval

- **Central American countries will indirectly benefit from the experiences and successful achievements of non-MERCOSUR international organizations and programmes**
- **The implementation of MERCOSUR models would be the “seal of approval” that facilitates access by Central American countries to international assistance**



The Basel Convention Coordinating Center in Uruguay

- **The Basel Convention Coordinating Centre coordinates the Basel Convention Regional Centres in Latin America and the Caribbean on training and technology transfer.**

- **Since Argentina is a Member of MERCOSUR and El Salvador is the host country for another regional center, the Coordinating Center in Uruguay might facilitate the functioning of the OAS/DSD project in the sphere of training and technology transfer**



Gathering and Systemization of MERCOSUR Rules and Regulations

- **Just the Agreement for the Facilitation of Dangerous Goods Transportation in the MERCOSUR covers 600 pages.**
- **Each agreement gives rise to numerous regulations, protocols, and resolutions.**
- **Therefore, only by developing a full inventory of regulations will this project be possible**



Commission for Environment and Development (CCAD)

- **Customs personnel training in dangerous materials management in the framework of the Basel and Rotterdam Conventions**
- **Other training area, covered by the Stockholm Convention:**
 - **legal, administrative and technical strengthening;**
 - **standard procedures for the implementation of the Convention (including monitoring, labelling and verification of dangerous in-transit loads);**
 - **inter-institutional coordination, and information transfer.**



Major Current Initiatives in Central America

Country	Existing National Monitoring Programs	Monitoring Capacity	Laboratories
Costa Rica	Monitoring system for pesticide intoxications		<ul style="list-style-type: none"> • Laboratory for Pesticide Residue Analysis (LAREP) • Central American Institute for Studies on Toxic Substances (IRET)
Nicaragua	Pesticide-pollution studies (Mrex) on hydric basins		
Panama	DDT-generated erythrocytical and macrophagic activity <ul style="list-style-type: none"> • Quality control of foods presumably contaminated by POPs • Risk evaluation for exposure to POPs in specific areas 	Several laboratories in Panama capable of conducting testing for PTS.	<ul style="list-style-type: none"> • Instituto de Investigación Agropecuaria de Panamá • Laboratorio de Análisis de Residuos de Plaguicidas



Major multi-country projects

PCB Inventories at the national level (CRCB) 2004 – 2006

648 000 US\$ financed by US EPA, Finland, Basel Convention

National Plan of Action for PCB at the national level (CRCB)

Proposal of a Regional Strategy for the Sound Management of PCB in Central America (CRCB)

Final Disposal of PCB (CRCB) 8 – 10 mill. US\$ financed by GEF

Aspectos Ocupacionales y Ambientales de la Exposición a Plaguicidas en el Istmo Centroamericano (PLAGSALUD) (PAHO, DANIDA) 1994 - 2003

Strategy for the Sound Management of used Acid-lead Batteries in C.A., Venezuela, Colombia and the Caribbean

Inventory and final disposal of POPs (CRCB)

Red de Intercambio de información de Productos Químicos CIEN C.A. y México (EPA, USAID, UNEP), EPA, UNEP, CCAD, USAID

Reduction of Pesticides Drainage to the Caribbean Sea

Panamá, Costa Rica, Nicaragua, Colombia, Ministerios de Ambiente, UNEP

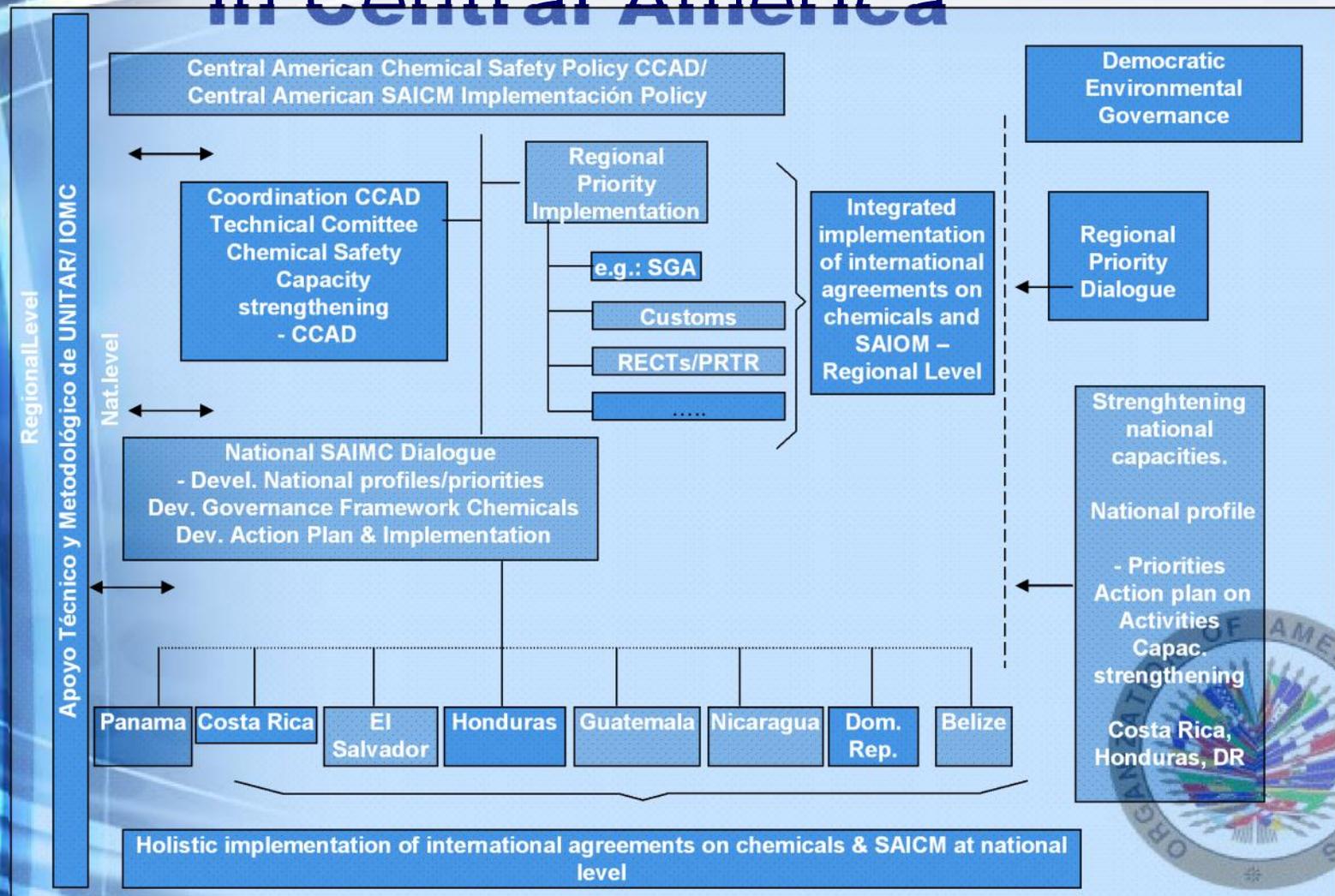
Capacity building on Integrated Crop and Pest Management in Guatemala (Croplife), 2 projects with focus on Gender and children participation

Programa Regional de Acción y Demostración de alternativas sostenibles para el control de vectores de la Malaria sin el uso de DDT en México y C.A.

UNEP, GEF, PAHO, FMAM, Ministerios de Salud y Ambiente, CCAD



Implementation Scheme for int'l agreements on chemicals in Central America



A Significant Project Task

- **In spite of these Central American achievements, a number of gaps have been detected. One of the major tasks for this project will be that of--**
 - **Gathering information for a database on PTS (Persistent Toxic Substances) for the whole region, including the Caribbean**



Data gathering and classification

- **Systematic and complete data-gathering should cover aspects such as:**
 - **Status of regional Initiatives on Pesticides**
 - **Status of regional Chemical Security Policies**
 - **Legal reform in the countries in need for it**
 - **Initiatives to fully identify Persistent Organic Pollutants (POPs), Identification of by-products of Persistent Toxic Substances, which vary from country to country**
 - **Plans for specific issues, such as removal of stockpiles, use of non-polluting agricultural fertilizers, good and bad production practices, etc.**
 - **Current and eventual OAS support for**
 - **the above efforts**



The Project

- **PART I - Data Gathering**
 - Problem *identification* in the Central American region
 - **MERCOSUR *achievements***

PART II – Project Conclusions



Problems in the Central American Region

- **Identification of problems of the Central American region in the spheres of:**
 - chemical security and implementation of the Basel Convention standards
 - customs harmonization for the above-identified areas.
- **Such identification work covers:**
 - Specific country issues
 - Issues common to all of the nations of the region
 - Legal problems
 - Technical problems (e.g. need for bioanalysis)
 - Assistance needs (technical, budgetary)



MERCOSUR Achievements

- **Thorough inventory of legal instruments. Enforceable / Programmatic ones**
- **MERCOSUR achievements as regards chemical substances, and MERCOSUR successful experiences that are potential candidates for replication in Central America**
- **International instruments being implemented or in need of implementation in Central America. Identification of those that have been ratified by each country**



Part II - Conclusions

- **Conclusions are to be drawn from the information gathered in Part I, so as to**
 - Identify those MERCOSUR achievements viable in Central America as regards chemical security and implementation of the Basel Convention standards
 - Review the achievements of the MERCOSUR States in the customs harmonization area.
- **Suggestions for concrete recommendations to**
 - The countries and regional bodies themselves,
 - The OAS, as far as potential support by the Organization is concerned, in the above-referred field.



Nature of the Initiative

The Initiative, by nature, is an ongoing, dynamic effort with intensive use of tools such as expert progress reports, surveys, desk- and mission work and continuous updates, monitoring and assessments.



Project Justification

- **Central American countries have expressed serious concerns on chemical substance-related environmental issues , particularly those connected with:**
 - **Lack of harmonized customs codes and rules**
 - **Agricultural chemical inputs, hydrocarbons, PCB, solvents, drug precursors, dangerous chemical wastes, ammonia, chlorine, LPG, industrial- and domestic-use acids and bases, cleaning products, dioxines and furanes, CFC, halons**
 - **Hazards from pesticides**
 - **Control- and coordination gaps, as a source of water-source polluting accidents and spills.**
 - **Want of regulatory reforms in the areas of transport of hazardous substances.**
 - **Misuse of corrosives (although many industrial companies have ISO-14000 environmental management systems)**



Project Justification (cont.)

- **There is also need for:**

- **Information systems,**
- **Gap-filling rules on monitoring of use, stockpiling, feedlot pollution, product lifecycles, and management of chemicals.**
- **Adequate labelling systems and enforcement of such rules are spheres of utmost concern.**



Major Regional Accomplishments

- **Process of Central American Integration shows significant – although still incomplete— progress in the customs area.**

- **Customs facilitation, through the Central American Uniform Code (CAUCA) and its regularions (RECAUCA), as well as the Regulations on International Customs Transit Regime,**
- **The establishment of a Central American Customs Union includes the elimination of customs border posts, which requires the strengthening of periferic customs in the common customs territory**



Major Regional Accomplishments (cont.)

- **Customs Merchandise Valuation – The Council of Ministers for Economic Integration (COMIECO) approved the Central American Regulation for that area, designed to apply Article IV of the GATT in the region**
- **Tariff Harmonization, covering 94.6 percent of an universe of 6,194 items.**
- **Free mobilization of goods and services – Mainly applicable to Central American-source goods, save those included in Annex A of the Central American Economic Integration Treaty. Free mobilization as provided for by the Customs Union will be achieved through the elimination of Annex A.**



Costa Rica: An example of Central American Accomplishments

- **Costa Rica is Party of the leading international instruments.**
- **Nonetheless, the need for institutional and legal strengthening and reform and rule harmonization makes itself felt**
- **The case of Costa Rica is very representative because Costa Rica's implementation of international guidelines is exemplary**



Customs Code Harmonization— The MERCOSUR model

- **The Treaty of Asuncion (1991) committed Argentina, Brazil, Paraguay and Uruguay to create a customs union and, eventually, a common market.**
- **As a customs union, Mercosur is taking part in preferential negotiations with the non-Mercosur members of the Latin American Integration Association, the rest of the Western Hemisphere in the Free Trade Area of the Americas process, and the European Union.**
- **Negotiations with the EU were launched on the premise that Mercosur aims to become a customs union. The Common External Tariff (CET) started in January, 1995.**



Obstacles faced by the MERCOSUR

- **The establishment of common safeguard procedures and common rules to deal with unfair trade practices by nonmembers**
- **The need to maintain trade policy flexibility -- should be easier to meet in a smaller and more homogeneous region such as Central America.**
- **The experience of MERCOSUR on these problems should be a useful background for the C.A. countries. In turn, the Central American “Mercosur-style” version could help MERCOSUR to improve its own mechanisms in the light of what the C.A. nations are able to accomplish.**



The Common Custom Code

- **It provides, for example, that goods introduced into the customs territory that create dangers for public safety, health or life of human beings, animals, vegetables, or the environment, can be returned to its place of origin, sent to a different custom site, or destroyed under the Rules of Implementation**
- **The MERCOSUR work covers a range of chemical-issue areas. Just its Agreement for the Facilitation of Dangerous Goods Transportation covers 600 pages in the Spanish version.**



MERCOSUR – Environmental Sphere

- **In furtherance of the 1992 Rio de Janeiro Declaration on Environment and Development, the MERCOSUR States adopted the MERCOSUR Framework Agreement on the Environment (Asuncion, 22nd June, 2001)**
- **The Party States will strive for**
 - **Protection of the environment**
 - **Civil society participation in environmental decision-making;**
 - **Environmental-costs internalization**
 - **Prioritary and holistic treatment of environmental problem causes and sources**
- **The Parties will cooperate in the fulfillment of environmental international agreements. This includes adoption of common environmental protection policies, promotion of sustainable development, joint communications on issues of common interest, and information sharing**



MERCOSUR – Environmental Sphere (cont.)

• **National environment management policies:**

- **National environmental legislation harmonization**
- **Fostering environmentally healthy and safe work conditions**
- **Adoption of policies, productive processes and services that do not contribute to the degradation of the environment**
- **Harmonization of legal and institutional guidelines to prevent, monitor and mitigate environmental impacts in the Party States, particularly in border areas**
- **Timely information on environmental disasters and emergencies that can harm the other Parties, including operational support**



Implementation in Central America of the models of MERCOSUR

- The OAS/CCAD has produced a prioritized inventory of Central American issues in the above-discussed areas
- The project, “Supporting Trade-related Capacity Building in Environmental Management” is based on a process conducted by the OAS Department for Sustainable Development (OAS/DSD) and aims to address challenges of OAS Member States on trade-related capacities in environmental management for the Sound Management of Persistent Toxic Substances (PTS).



DSD Project Main Conclusions

- ***Overarching Priority:*** Devote intensive efforts to enforce:
- **The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.**
 - The Convention has 180 Parties and aims to protect human health and the environment against the adverse effects resulting from the generation, management, cross-border movements and disposal of hazardous wastes.
- **The 2004 Rotterdam Convention on the Prior Informed Consent (PIC) Procedure for certain hazardous Chemicals and pesticides in International Trade, supported by FAO and UNEP.**
 - It aims to provide the developing countries the benefits of chemicals and pesticides while ensuring that their development is environmentally sustainable. Where trade is permitted, requirements for labeling and providing information on potential health and environmental effects will promote safer use of chemicals.



DSD Project Main Conclusions (cont.)

- **The 1989 Montreal Protocol, as amended, stipulates use and production reduction of ozone-depleting compounds. It is revised regularly, and contains a timetable for the phasing-out of eight of such substances or substance groups.**
- **The 1985 Vienna Convention for the Protection of the Ozone Layer, designed to take *"appropriate measures...to protect human health and the environment against adverse effects resulting or likely to result from human activities which modify or are likely to modify the Ozone Layer"*.**



DSD Project Main Conclusions (cont.)

- **Cross-cutting activity**
 - **Exchange of information amongst countries.**
- **Regional priorities:**
 - **Regional Policy on Chemical Security**
 - **Information Exchange and Capacity Building**
 - **Creation of laboratory networks**
 - **Coordination between Customs for the control of illegal traffic and registry of products.**
- **National priorities:**
 - **Contaminated sites cadaster**
 - **Inventory of stockpiles**
 - **Activities to prevent mercury contamination**
 - **Registry Systems for PTS according to use**
 - **Final disposal of PTS.**



DSD Project Main Conclusions (cont.)

- **Other needs, such as the establishment of coordination bodies might require national legislation.**
- **One important step should be the adoption of 10-digit (rather than 6-digit) tariff codes, a move that has been pioneered in the region by Costa Rica for refrigerants listed under the Montreal Protocol.**



Replicability of MERCOSUR achievements in Central America

- **June, 2001 MERCOSUR Framework Agreement on the Environment (CMC Decision 02/01):**
 - **Mutual cooperation for the protection of the environment and sustainable use of natural resources**
 - **Participation of the civil society**
 - **Cooperation among the Parties to support/promote the implementation of their environmental international commitments, and identifying themselves with the U.N. Agenda 21 on Environment and Development**



Replicability of MERCOSUR achievements in Central America (cont.)

• **Some treaty thematic areas relevant for the OAS/DSD project are:**

- **Urban and domestic wastes**
- **Hazardous substances and products**
- **Protection of the atmosphere and air quality**
- **Environmental emergencies**

• **The Southern Market has also signed (May 6, 2004) Decision 01/04, which encompasses the Rules of Origin of MERCOSUR (CMC Decision 01/04).**

• **The CMC Decision 25/94 has incorporated the Customs Code of MERCOSUR**



Replicability of MERCOSUR achievements in Central America (cont.)

- **The idea of creating synergies between the MERCOSUR and Central America has been considered for some time now.**
- **MERCOSUR was never thought of as a self-contained entity:**
 - *“MERCOSUR was conceived to facilitate the insertion of its member countries into the world economy In that respect it is clearly different from preceding integration agreements which sought to expand markets on the regional level for local industries that arose during the import-substitution period, while maintaining high levels of protection against competition from third countries”*



Replicability of MERCOSUR achievements in Central America (cont.)

- **In April 1998, MERCOSUR and the Central American Common Market (CACM) signed a Trade and Investment framework agreement towards integration.**
- **In November 2004, MERCOSUR and the Central American Integration System (SICA) signed an agenda towards the development of trade disciplines.**
- **On December 17, 2004, MERCOSUR and SICA initiated the dialogue towards a Trade Agreement.**
- **Such already existing mechanisms would certainly facilitate the OAS/DSD project.**



Findings and conclusions of my research

- **Central American Countries have adopted all of the basic international legal instruments to deal with the various problems they face in traded chemical management. Implementation, however has not been fully successful**
- **Work already done in the MERCOSUR zone is a valuable input for Central America. DSD, given its expertise and mission, is uniquely positioned to facilitate such task.**



Findings and conclusions (cont.)

A number of already existing mechanisms will certainly facilitate the OAS/DSD project:

-In April 1998, MERCOSUR and the Central American Common Market (CACM) signed a Trade and Investment framework agreement towards integration.

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•In December, 2004, MERCOSUR and SICA initiated the dialogue towards a Trade Agreement.



Findings and conclusions (cont.)

- **Preparatory work has already started for the OAS/DSD MERCOSUR/Central America project, in the areas of developing a data base and inventories. Complete problem identification by means of survey tools is also in process.**
- **Both country responses and scholar work confirm the seriousness of the issues involved and the likelihood of “country ownership” of the actions to be adopted.**
- **This project, by nature, requires sound planning in all relevant areas, including monitoring, financing, research and human resources.**

