

MEMORANDUM OF UNDERSTANDING TO ENHANCE COOPERATION ON CLIMATE CHANGE AND THE ENVIRONMENT BETWEEN THE STATE OF CALIFORNIA OF THE UNITED STATES OF AMERICA AND THE MINISTRY OF ENVIRONMENT AND NATURAL RESOURCES AND THE NATIONAL FORESTRY COMMISSION OF THE UNITED MEXICAN STATES

The State of California of the United States of America (California), and the Ministry of Environment and Natural Resources (SEMARNAT) and the National Forestry Commission (CONAFOR) of the United Mexican States, hereinafter referred to as "the Participants";

WHEREAS, the governments of the State of California of the United States of America and the United Mexican States have a history of friendship and excellent cooperation, including on issues related to the environment and commerce;

TAKING INTO ACCOUNT, the global nature of environmental problems, notably climate change, and that joint efforts to protect the environment and ensure sustainable use of natural resources are important;

EMPHASIZING, that México and California share a common border of 136 miles, and a long history of effective cooperation on environmental issues at the border;

RECOGNIZING, that climate change impacts natural resources in California and México, threatens human health and public safety, and endangers economic prosperity;

RECOGNIZING, that climate change increases the vulnerability of México and California to extreme weather events including drought, floods, wildfires, and extreme temperatures, particularly at our common border, with wildfires becoming more frequent;

TAKING INTO CONSIDERATION, the applicable provisions of the Agreement on Cooperation for the Protection and Improvement of the Environment in Border Region between the United Mexican States and the United States of America ("Agreement of La Paz"), signed in La Paz, Baja California, on 14 August, 1983;

WHEREAS, the opportunities to combat climate change, and protect the environment between the State of California of the United States of America and the Government of the United Mexican States are plentiful, and strengthening cooperation on these efforts is important;

WHEREAS, México and California intend to cooperate on joint actions that improve the environment, while optimizing the quality of life for inhabitants of the State of California of the United States of America and of the United Mexican States, and expanding trade and investment opportunities for both Participants;

NOW THEREFORE, the Participants have reached the following understanding:

1. PURPOSE

The purpose of this Memorandum of Understanding is to promote and carry out cooperative activities related to environmental issues including, *inter alia*, climate change, human and environmental health, air quality, wildfires, and transportation, according to their respective competencies and based on principles of equality, reciprocity, information exchange and mutual benefit.

2. AREAS OF COOPERATION

The Participants intend to cooperate and coordinate efforts, with special emphasis on, but not limited to, the following priority action areas:

1. Climate Change

- Responding to the causes and consequences of climate change while supporting sustained economic growth, including but not limited to:
 - Reporting and reducing greenhouse gases including through:
 - Technical cooperation and capacity building to strengthen greenhouse gas inventory and reporting programs;
 - Sharing the design and implementation of policies and programs that have lowered greenhouse gas emissions and promoted low carbon development, including measuring progress over time; and
 - Exploring alignment of greenhouse gas reductions programs and strategies to achieve mutual benefits,
 - Developing and implementing carbon pricing systems and other market-based instruments, in order to address climate change;
 - Promoting emissions reductions from deforestation and forest degradation;
 - Promoting renewable energy;
 - Controlling carbon, methane, and other high global warming potential gases and short-lived climate pollutants through performance standards and other approaches;
 - Cooperating to advance multilateral and subnational action on climate change, including between individual Mexican States and the State of California;

2. Wildfires

- Greater preparation and coordination to fight wildfire emergencies along our shared border, in an efficient and timely manner, including but not limited to:
 - Continuing to cooperate on wildfire suppression at our shared border, under existing bilateral instruments;
 - Sharing of resources, including, *inter alia*, surplus equipment;
 - Sharing of capacities and information, including through enhanced training and exchange of technical and scientific information, as well as the strengthening and development of capacities of both Participants;

3. Air Quality

- Reducing emissions of criteria pollutants, and air toxic contaminants;
- Continuing and increasing cooperation related to air quality along the border, including capacity building on air quality monitoring, audits of air quality monitoring equipment, the use of specialized equipment and, exchange of technical and policy information on air quality;
- Supporting new and expanded markets for clean and efficient energy technologies in the industrial, electricity and transportation sectors;

4. Clean Vehicles

- Reducing vehicle emissions, particularly in shared air basins, including through:
 - Strengthening light, medium, and heavy-duty vehicle standards for greenhouse gases, nitrogen oxides (NOx), volatile organic compounds (VOCs), and particulate matter, including fuel standards and truck efficiency standards;
 - Setting common standards, particularly in the Baja California and California region;
 - Supporting green freight initiatives, including fleet retrofit and renovation;

- Analyzing the vehicle market in the border region related to the amount of used vehicles imported to México that do not comply with the emissions standards, or those which are at the end of their life cycle;

The Participants also intend to continue and strengthen the cooperation at our common border, on issues including but not limited to urban and solid waste including programs, including programs related to scrap tires, and improving waste management in the Baja California-California region.

Other areas of cooperation that Mexico and California may pursue going forward may include biodiversity, green building, and sustainable cities, and any other area decided upon in writing between the Participants.

3. FORMS OF COOPERATION

Forms of cooperation under this Memorandum of Understanding may include the following:

- 1) Sharing information and experiences about policies and programs that have effectively reduced greenhouse gas emissions and strengthened climate change mitigation and adaptation efforts, as well as efforts that have protected and enhanced human health and the environment;
- 2) Sharing policy design and providing capacity building and technical support to develop and implement climate change policies, including emissions trading programs;
- 3) Inviting the other Participant to comment on program and policy design and rule-making processes it has developed and/or is developing;
- 4) Discussing the possibility of policy and program alignment for mutual environmental and economic benefit;
- 5) Exchanges and temporary assignments of personnel from one of the Participants to the other;
- 6) Cooperative research, development, and deployment projects on clean, energy efficient and/or low carbon technologies;
- 7) Joint organization of symposia, seminars, workshops, exhibitions, and training;
- 8) Collaboration through California's "innovation hubs" (iHubs), which have been established to promote entrepreneurship, economic growth, and job creation through innovation; and
- 9) Any other form of cooperation that the Participants consider may contribute to the goals of this Memorandum of Understanding.

4. JOINT ACTION PLAN AND WORK PROGRAMS

In order to achieve the objectives of this Memorandum of Understanding, the Participants intend to develop a Joint Action Plan, and may also develop annual work plans focused on priority areas referred to in paragraph 2.

Each work plan will include the necessary information for implementing the agreed areas of cooperation, including, *inter alia*, scope, coordination, resource allocation, expert and professional exchange, administrative issues, and any other information deemed necessary for achieving the objectives of this Memorandum of Understanding. The Participants also decide that other proposals for cooperation may be presented to allow the Participants to achieve the objectives of this Memorandum of Understanding.

For the follow up and implementation of the Joint Action Plan and any related work plans, a bilateral group or groups should be established, led by officials representing the Participants, and should maintain constant coordination and communication to ensure the efficient and effective implementation of this

Memorandum of Understanding. As part of their coordination, the Participants intend to analyze the need for in-person meetings, according to available resources.

The Participants designate the Deputy Secretary for Border and Intergovernmental Relations of the California Environmental Protection Agency, the Head Officer of the International Affairs Unit from SEMARNAT and the Head Officer of the Internationals Affairs Unit and Financial Promotion from CONAFOR, to follow up on the implementation of this Memorandum of Understanding.

5. THIRD PARTY PARTICIPATION

If the Participants deem it helpful or convenient, by common decision of Participants, individuals and entities from the private, public, academic, research, and other sectors may be invited to support the cooperative activities described herein, provided that they can directly and meaningfully contribute to the achievement of the objectives of this Memorandum of Understanding.

6. ADDITIONAL COOPERATION

This Memorandum of Understanding may serve as reference for signing further collaborative instruments between California and individual States within the United Mexican States, in the areas of cooperation provided in this Memorandum of Understanding. California engagement with individual States within the United Mexican States should be coordinated through SEMARNAT to the extent practicable and appropriate.

7. FUNDING

The Participants intend to finance activities referred to in this Memorandum of Understanding with resources allocated in their respective budgets, as these resources become available and as stipulated by their own legislation. Each Participant intends to pay for expenses related to its own participation, unless alternative financial mechanisms can be used for specific activities, as appropriate and as approved by their respective authority.

8. EXCHANGE OF INFORMATION

The Participants decide, to the extent possible, that all useful, non-confidential information that supports the objectives of this Memorandum of Understanding may be shared amongst them in order to achieve the objectives of this Memorandum of Understanding.

9. INTELLECTUAL PROPERTY

If, as a result of the activities developed in accordance with this Memorandum of Understanding, products of commercial or intellectual value are derived, the Participants should decide in connection with the respective intellectual property rights under a separate legal instrument pursuant to this Memorandum of Understanding.



10. LABOR RELATIONS

Officials designated by each Participant to implement cooperative activities under this Memorandum of Understanding should continue to be employed by the original employer, and no employment or agency relationship should be created by this Memorandum of Understanding.

Cooperative activities under this Memorandum of Understanding should in no way change the original employer/employee relationship of its respective officials working together in the implementation of this Memorandum of Understanding.

The Participants intend to collaborate in making the necessary arrangements with the corresponding authorities to facilitate border entrance and exit of participants officially taking part in cooperative activities under this Memorandum of Understanding. These participants are bound by all the applicable laws, including, but not limited to, migration, fiscal, customs, sanitary and national security laws, and the participants will limit their activities to the scope of the Memorandum of Understanding while in the other country unless they obtain prior permission from appropriate authorities.

The Participants should ensure that their official representatives participating in cooperative activities have adequate medical, liability and life insurance, sufficient to provide coverage for accidents or other occurrences that may occur during, or as a result of, cooperative activities related to the implementation of this Memorandum of Understanding.

11. SETTLEMENT OF DIFERENCES

Any differences arising from the implementation of this instrument shall be resolved in good faith, through negotiations between the Participants.

12. AMENDMENTS

This Memorandum of Understanding may be modified by mutual consent of the Participants in writing, specifying the date of the entry into force of any such modifications.

13. DURATION

Cooperation under this Memorandum of Understanding is effective on the date of its signature. Unless otherwise extended in writing, this Memorandum of Understanding is applicable for a period of 4 years.

Any Participant may discontinue its participation in this Memorandum of Understanding, through written communication sent to the other Participants thirty (30) calendar days in advance. In this case, the ongoing cooperative activities that have been approved or initiated and that have not concluded should continue, unless otherwise decided by the Participants.

14. FINAL PROVISIONS

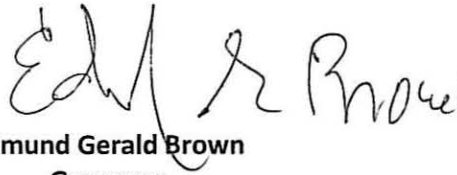
The Participants acknowledge that this Memorandum of Understanding is only intended to provide for cooperation between the Participants and does not create any legally binding rights or obligations. To the

extent that any other provision of this Memorandum of Understanding is inconsistent with this paragraph, this paragraph shall prevail.

The Participants commit themselves in good faith to implement this Memorandum of Understanding to the fullest extent possible, subject to any changes in policy that they may adopt.

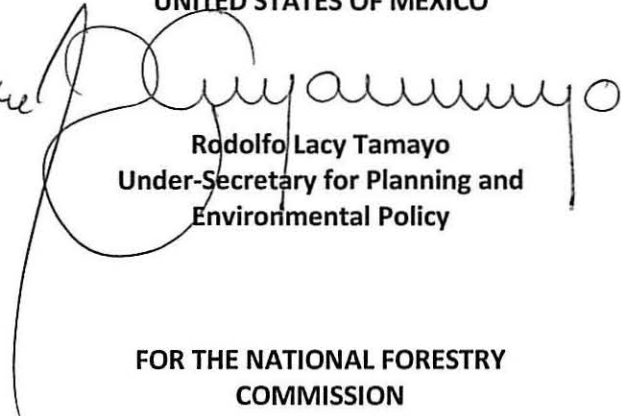
Signed in Mexico City, United States of México, on the twenty-eighth July of two thousand fourteen, in two originals in Spanish and English languages, both texts being equally authentic originals.

**FOR THE STATE OF CALIFORNIA
UNITED STATES OF AMÉRICA**



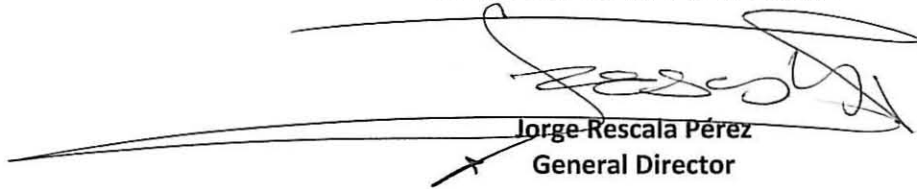
**Edmund Gerald Brown
Governor**

**FOR THE SECRETARIAT OF THE
ENVIRONMENT AND NATURAL RESOURCES
UNITED STATES OF MÉXICO**



**Rodolfo Lacy Tamayo
Under-Secretary for Planning and
Environmental Policy**

**FOR THE NATIONAL FORESTRY
COMMISSION
OF THE UNITED MEXICAN STATES**



**Jorge Rescala Pérez
General Director**

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