

## **Commission for Environmental Cooperation (CEC)**

*Project on Improving the Economic and Environmental Performance  
of the North American Automotive Industry Supply Chain*

### **Environmental Assistance Programs and Resources for Automotive Original Equipment Manufacturers (OEMs) and Suppliers Workshop**

*September 7, 2011*

*Spring Hill, Tennessee, United States*

## **Executive Summary**

Mr. Benjamin Teitelbaum, Special Projects' Coordinator, Commission for Environmental Cooperation (CEC) opened the meeting at 1:00pm CDT.

Mr. Teitelbaum provided an overview of CEC's project on "Improving the Economic and Environmental Performance of the North American Automotive Industry Supply Chain" and announced that the project will re-engage key automotive companies for the development and implementation of green automotive supply-chain programs across North America. The project will allow both Canada and Mexico to benefit from initial efforts experienced in the United States and build trilateral cooperation, as well as support the sharing of information and practices that will enhance the environmental and economic performance of the North American automotive supply chain.

Mr. Teitelbaum introduced a panel of representatives to discuss voluntary environmental programs in the United States.

Mr. Ben Vickery, Senior Technical Analyst, Department of Commerce, National Institute of Standards & Technology (NIST), Manufacturing Extension Partnership (MEP), provided an overview of NIST's MEP program which works with small and mid-sized U.S. manufacturers to help them create and retain jobs, increase profits and save time and money. Mr. Vickery also discussed NIST MEP's next generation strategy of increasing manufacturers' capacity for innovation resulting in profitable sales growth and how Sustainability is one of five key components of this strategy.

Mr. Tom Murray, Chief, Prevention Analysis Branch, US Environmental Protection Agency (EPA), provided an overview of the Green Suppliers Network, a collaborative effort between the US EPA and the NIST MEP that partners with suppliers to identify lean and clean improvement opportunities in their facilities. Mr. Murray then provided an overview of E3: Economy, Energy, and Environment, a model for collaboration among manufacturers, utilities, local government, and federal resources intended to: invest in local communities, address energy and sustainability challenges, provide valuable technical training and assessments and enable economic growth and job creation. In addition, he noted that E3 could be a great framework to build on in Mexico and Canada.

Ms. Lynn Lane, Human Resources Manager with Electricfil Corporation, a manufacturer of automotive ignition systems including engine and transmission sensors, then gave a presentation on Electricfil Corporation's Participation in Alabama's E3 Program. As a result of participation in the Alabama E3 Initiative, Electricfil Corporation has reduced its energy consumption by 25% or approximately \$40,000 annually.

Mr. Teitelbaum introduced Mr. Alejandro Sosa, Director, Navista Mexico, to give an Overview of Voluntary Environmental Programs in Mexico. Mr. Sosa explained that Profepa's objective is to improve environmental performance in economic sectors to go beyond compliance. He discussed Profepa's three voluntary environmental mechanisms: the Environmental Excellence Award (Excelencia Ambiental), the National Audit Program (Programa Nacional de Auditoría Ambiental) and the Environmental Leadership for Competitiveness Program (Liderazgo Ambiental para la Competitividad). Mr. Sosa then presented a manufacturer's perspective on participation in Voluntary Environmental Programs in Mexico, with a report from Ford Mexico.

Mr. Teitelbaum introduced a panel of representatives to discuss Lean and Clean Opportunities in Canada.

Ms. Maria Petrou, Environmental Protection Operations, Environment Canada, reported that through the support of the CEC in Council Resolution 06-06, meetings were conducted in Canada in 2008 with automobile manufacturers and suppliers to begin organization of an SP Canada organization that would both improve the environment and the economic development of the automobile industry. Unfortunately, the efforts underway in Canada were postponed due to the economic crisis that impacted the auto industry and the global economy. Ms. Petrou reported that discussions were held in November 2010 and January 2011 with the support of Environment Canada to re-engage the auto industry and its supply chain in Canada. She noted that before the end of the year the CEC will be hosting a meeting in Canada among auto manufacturers and their suppliers to continue discussion on issues impacting the automobile supply chain in Canada and that Environment Canada looks forward to being engaged in these discussions as a participant in this CEC project.

Mr. Rahul Naik, ARCADIS, provided an overview of ARCADIS, its Canadian offices, its automotive client base and its services in the areas of infrastructure, environment, buildings and water. Mr. Naik discussed opportunities for lean and clean processes within the value chain in the advisory, operations, products and supply chain areas and provided detailed reviews of the opportunities around energy/carbon management, global product regulatory compliance, and safety and environment. Mr. Naik reviewed potential training needs for the automotive sector and ARCADIS' training capabilities and programs. Mr. Naik then shared several examples of the activities and examples of projects that ARCADIS has performed in Canada, Mexico and the US.

Participants were then divided into breakout groups to discuss a set of key questions. In each of the breakout sessions, the participants determined that there are many environmental challenges that are common to manufacturers across North America as there were few challenges that were identified as issues limited to a particular country. The following environmental challenges were identified as potential opportunities for action through the project:

- Regulatory complexity –federal vs. state vs. local regulations, prescriptive vs. performance, conflicting regulations; opportunity for harmonization of regulations across North America
- Emerging chemical regulations / chemicals in products
- Inconsistencies in regulations across OEMs
- Gaining support of upper management / funding for environmental projects
- Bridging generations / cultural differences
- Gaining employee buy-in for environmental programs
- Customer quality / driven specs
- Communicating / driving small business environmental innovation to decision makers at OEMs and Tier 1 Suppliers
- Understanding of Return on Investment (ROI); business value of environmental projects
- Improved interaction with Mexico and Canada and better understanding of shared objectives
- Returnables
- Consistency
- Residential sorting
- US – political tactics
- Mexico – water, output performance
- Canada – mixed waste, standards, energy from waste

The following techniques were identified as being successful in engaging stakeholders in environmental activities:

- Incentives
- Recognition
- Benchmarking / metrics
- Area leaders / cascade training
- Communication / training
- Building into processes
- OEM involvement

- Voluntary government involvement
- Top level management support
- Bottom up approaches
- Collaboration
- Utilizing small suppliers
- Seeking out / tapping into creativity

The participants agreed that a technique that had not been successful in engaging stakeholders in environmental activities was policing.

Mr. Teitelbaum thanked the speakers for their presentations and the attendees for their participation in the Workshop. He reiterated the project and CEC's North American mission, remarking that they are three countries but one environment. He noted that as the project progresses, there may be an opportunity to host a North American Suppliers Partnership Conference to hear perspectives from participants from the US, Mexico and Canada.

The meeting was adjourned at 5:00pm CDT.

Respectfully Submitted,

Kellen Mahoney  
Navista Inc.