INTERNATIONAL TRADE ADMINISTRATION

U.S. Proposal on Sustainable Manufacturing

OECD Workshop on Sustainable Manufacturing and Production
Copenhagen, Denmark. June 21,2007

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A brief history….

- High interest in sustainable manufacturing programs
  - **U.S. Industry**
    - Active participation in environmental programs has become increasing necessary
    - Manufacturers are realizing the economic benefits of reducing waste, operating more efficiently and promoting sustainability
    - Sustainable practices are now a component of firm's marketing and investment strategies.
    - Access to tools that measure the scope of sustainable production is essential for businesses trying to manage and attain this priority

A brief history….

- High interest in sustainable manufacturing programs
  - **U.S. Policy Makers/Government**
    - Local, state, and Federal government policy makers need to provide incentives to promote sustainable programs
    - We recognize that industry is not always given the tools it needs from the government to respond to changing trends
    - A need for quantitative metrics that would assist in benchmarking sustainable manufacturing programs

A brief history….

- OECD CIBE Business and Industry Policy Forum
  - **2000 meeting brought together major stakeholders to review the role that firms and industries play in addressing environmental challenges.**
  - **Objective was to examine the factors driving firms to adopt forward-looking environmental strategies.**
  - **Forum concluded that although the potential to develop "win-win" environmental programs are high, there were few companies that established such programs.**

A problem arises…

- Need for a common set of metrics
  - **Few studies have examined sustainable development as it relates to manufacturing**
  - **Some companies have established their own benchmarks but they are uniquely tailored to that firm and not necessarily comparable across sectors.**
  - **High cost of information. Many firms, especially SMEs do not have the resources to establish their own benchmarking system.**

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- Flexible Framework to benchmark sustainability
  - **Expand the OECD forum's earlier work through the development of sustainable manufacturing indicators that will be used to monitor progress and evaluate the costs and benefits of sustainable programs**
  - **Complex task as there is are many indicators available and various methodologies of measurement.**

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- Part I: Internationally comparable environmental metrics
  - **The first part of this project is focused on environmental indicators with the goal of creating a tool kit that will allow countries, firms and NGOs to build their own monitoring system using the OECD indicators as a template.**
  - **Why?**
    - **Arguably the most import among the three**
    - **More mature set of indicators**
    - **Most difficult to do in-house**
    - **CIIE Resource implications**

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- Need for a common set of comparable environmental metrics
  - **Metric must be objective**
  - **Metric must remain relevant over time**
  - **Adaptable to self assessment**
  - **Clearly established**

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- Possible approach to compiling environmental metrics
  - **Sectoral Category/Output Approach**
    - Define categories (will remain the same across sectors)
      1) Material Consumption
      2) Water
      3) Solid Waste
      4) Energy
    - Select indicators for each category (composition can vary across sectors)

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- Possible approach to compiling environmental metrics
  - **Sectoral Category/Output Approach**
    - Select Indicators for each category (composition can vary across sectors)

      Ex: Water

      1) Usage
      2) Waste-water treatment
      3) …etc

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- Part II: Costs vs. Benefits of Sustainable Programs
  - **The second part of the project is focused on the economic costs versus benefits of sustainable manufacturing/production**
  - **This analysis could include the following elements:**
    - Job creation
    - Long term and short term costs
    - Costs of implementing clean technologies
    - …etc
  - **Recommendations would be developed using sectoral case studies, which would identify best practices, illustrate benefits of sustainable manufacturing and demonstrate the profitability inherent in sustainable operations**

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- Part III: Social indicators
  - **The third part of the project would look at the social benefits to sustainable manufacturing/production**
  - **This analysis could include the following elements:**
    - Health and safety
    - Job satisfaction
    - …etc
  - **As this was not part of the original proposal, we would need to consult with stakeholders and do further research on the types of indicators and the method of analysis**

Dialogue with U.S. Industry

- Wide support across industry
  - **Support and cooperation from industry is very important**
  - **Ensure that project was important to industry**
  - **Response has been very positive – companies are elated that they may finally make use of global indicators to evaluate their sustainable programs.**
  - **Support from capital goods, medical devices, IT, auto parts, chemicals, and associations representing hundreds of companies already working to establish sustainable production methods**

Thank You