



**JPAC Workshop  
“Business across North America for Green Products—Opportunities  
and Barriers for SMEs”**

**Fairmount Waterfront Hotel  
29 March 2006**

**Summary Record<sup>1</sup>**

The JPAC chair began his opening remarks by informing the participants that the main purpose of this meeting was to explore jointly what can be done to expand market opportunities and identify/address barriers for SMEs in North America. He introduced the panelists for the session, which included Alejandro Sosa from the Global Environmental Management Initiative (GEMI), John Mizroch from the World Environment Center (WEC), and Gordon Lambert from Suncor Energy, who is also a current JPAC member for Canada.

The workshop began with introductory remarks from Patricia Clarey, former chief of staff for Governor Arnold Schwarzenegger, who provided the audience with an overview of the State of California’s numerous environmental initiatives, particularly those with the business community. She highlighted the interest of that administration in green buildings and procurement, as well as in renewable energy. She reiterated the Chair’s opening remarks and encouraged members of the public to interact and provide their views throughout the session. She proceeded to introduce the first keynote speaker, from Mexico, Mr. Alejandro Sosa from Iniciativa GEMI.

Mr. Sosa presented an overview of Mexico’s manufacturing industry, underlining that 99.1 percent of the total is made up of small and medium-sized firms, and that the remaining 0.9 percent (mostly large corporations) employ 46 percent of the total personnel in the manufacturing sector. He then described the Green Supply Chain project in Mexico, which is aimed at improving competitiveness and environmental performance of SMEs that supply large companies. He also spoke about corporate social responsibility and the differences between our countries.

Key messages from his presentation:

- In wealthy countries, social responsibility makes a greater contribution to corporate reputation than brand image. Companies that ignore social responsibility place their market share at risk, since consumers are increasingly more aware of the consequences of poor environmental performance.

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<sup>1</sup> Disclaimer: Although this summary was prepared with care, readers should be advised that it has not been reviewed nor approved by the interveners and therefore may not accurately reflect their statements.

- As it relates to building capacity, according to the speaker, in the corporate world companies fall under two major categories, leaders and followers. They also choose either to be inactive, reactive, responsible or proactive.
- Mr. Sosa observed that small businesses are more concerned with their survival; therefore the difficulty they encounter is in undertaking additional projects beyond their daily routine.
- He pointed out barriers faced by SMEs in Mexico, including the lack of confidence in government authorities, skepticism on the profitability of greening their production, and lack of resources and time.

In his closing remarks, he underscored the many positive impacts for SMEs in producing greener products. These included:

- improved brand and company image with community, government and stakeholders ;
- added value to shareholders; and
- pollution prevention and eco-efficiency solutions.

Some challenges:

- Changing an erroneous perception of losing time and resources
- Resistance to change—“If it’s not broken don’t fix it” versus “if you don’t change, you loose the opportunity to be better”
- Integration with other projects and programs that exist in Mexico

A copy of this presentation can be found at the following link:

<http://www.ccc.org/files/pdf/JPAC/CEC-10%20MIN-SOSA-290306.pdf>

Once Mr. Sosa’s presentation was concluded, Mr. John Mizroch from the World Environment Center began his presentation by providing an overview of the WEC, particularly its work with SMEs. He explained how it focuses on the greening of SMEs’ products and how, in many instances, it collaborates with trade associations. The WEC also manages projects for companies that have suffered injury due to growing imports.

Agreeing with Mr. Sosa that SMEs’ first concern is survival, he also pointed out that they are the economic engine of our countries, creating job growth and becoming increasingly more innovative, particularly in the green area.

He also spoke about large multinationals and their efforts towards making communities more sustainable and how consumers react to these initiatives, particularly the purchasing of certified green products, such as wood and coffee. In addition, many social actors are also joining forces, which he indicates is creating an economic advantage for SMEs.

Mr. Mizroch spoke about the actual energy crisis and how it has had a crippling effect on society, increasing the need for sustainability and efficiency. He described the US

Government’s efforts for saving energy, which in part focus on residential housing and transportation, including the increased use of solar energy within the building industry. He explained how energy-efficient measures should be enforced, given that US urban regions consume up to 40 percent of the country’s energy.

With regard to alternative sources for fossil fuels, he spoke about ethanol, biomass and bio-diesel and the need to support these efforts. He mentioned that despite the fact that Canada and Mexico are oil producers, in North America as well as in the rest of the world there is a strong move towards other forms of energies and SMEs are the ones that are doing the work. In his closing remarks he pointed to the difficulty for small enterprises in tackling alone the energy challenge, and to the potential role that JPAC and the CEC could play in assisting their efforts.

Mr. Lambert, of Suncor Energy, focused his presentation on wind energy, explaining how Suncor’s interest in green energy alternatives led them to wind power and directly in line with the OECD vision.

At first, wind energy was thought of as a complementary solution to electricity production needs; however, some barriers had to be addressed in order to give it full credibility, and policy was one of them. To remedy this situation, the Clean Air Coalition was created, which in turn made it possible for government, NGOs and industry to work towards wind power incentive programs.

Even though the year 2000 did not produce significant results, the Canadian effort was nevertheless continued, in part because of climate change and the need for less carbon-intensive forms of energy. The collaboration efforts between the stakeholders have spread across the country and production of wind energy in Canada is now estimated at approximately 3000 megawatts.

He then encouraged the audience to engage in a discussion on the opportunities for green products in North America.

Some of the key messages were:

- A member of JPAC commented on the important role of the public to change initiatives which can potentially damage the environment. He gave as an example a plan for a natural gas project in the province of Quebec, which was met with massive protests and negative reaction. It was estimated that approximately 67 percent of Quebecers were against this development, and due to these demonstrations the plan was later dropped.
- A member of the public highlighted the importance of consumer education as the force behind increased production of green products, including alternate sources of energy, which will in turn lead to sustainability.
- A member of the audience suggested that some enterprises are more resistant to change because of lack of information and financial incentives. In the case of use of alternate forms of renewable energy, the key seems to lie in the programs and

- the methods to be used, such as having projects thoroughly evaluated before being launched, hiring consultants to help enterprises in their decisions with regard to better use of energy, and emphasizing the importance of protecting the environment and preserving natural resources through information seminars.
- Another member of the audience mentioned that the environmental performance of enterprises is linked to their size, since small businesses feel more isolated and pressured by communities and governments. She also made reference to the added resources large companies have compared to smaller companies, which don't have the means to respond to all the requirements that follow regular inspections.
  - Another member of the public reiterated that in order for SMEs to comply, they need assistance and resources, hence the need to work together and develop the necessary programs aimed specifically at this issue.
  - Regarding energy alternatives, a comment was made concerning the importance of expanding the scope of the dialogue among all stakeholders to address policy barriers and related issues, if we want to aim towards a more sustainable future. Economic growth and energy consumption are inextricably linked; therefore the need to improve efficiency by using new resources should be made a priority.
  - According to a member of the audience, industry will respond if there is a demand. In addition, good government procurement policies serve as an example for industry. He recommended that the CEC focus more on green procurement projects and that government take the leadership role.
  - Examples were given of how several Canadian provinces and US states are allocating their resources towards ambitious green projects, not only related to increased government procurement but to green buildings and to the use of alternate forms of energy.
  - A member of the public spoke about the differences between Mexico and its North American partners as relates to energy alternatives. He explained that in his view, government efforts in Mexico should be directed towards biomass technology to produce energy. In relation to this comment, one of the panelists emphasized that there is a real opportunity in this field for SMEs.
  - Another member of the public highlighted some of the CEC's current work, such as the North American Green Purchasing Initiative (NAGPI), involving procurement of clean energy, cleaning and paper products, and expressed the need for JPAC and governments to support and play a more active role in its work.
  - An additional comment was made reiterating the need for government to work more closely with SMEs via programs and incentives. SMEs need financial assistance to invest in the design and development of greener products without having to increase their final cost to the consumer, which would make them less competitive in the market.

The JPAC chair thanked all the participants, JPAC members and the public, and adjourned the workshop.