Objective of Project

To support the creation of a North American Partnership for the Environment in the auto industry to promote policies and actions that provide mutual benefits for the environment, trade and the economy and encourage sustainable consumption, production and trade.

Background

Project History and Foundation

The promotion of pollution prevention policies and practices is a key objective of NAAEC (Article 1(j)). The Commission has over the years documented the status of pollution prevention activity in North America\(^1\) and provided a forum in which the three governments could share their experience, practice, and success in the use of environmental management systems.\(^2\) CEC research has expanded the understanding of effective mechanisms to promote the improvement of environmental performance and compliance of the private sector, particularly in the small and medium-size enterprises.\(^3\)

An important foundation for this applied work is the pilot program to green supply chains in Mexico, concluded in 2008. Almost 150 companies in 14 different supply chains successfully developed eco-efficiency projects, representing direct benefits of millions of dollars in direct costs as well as savings in water, paper and cardboard, hazardous waste, solvent emissions and CO\(_2\) emissions. Most importantly, it proved to be a positive mechanism to encourage the private sector to improve its environmental performance and provided valuable experience for the design and expansion of similar initiatives in North America. The program is being evaluated with a view to derive lessons learned that are expected to be useful for similar initiatives throughout the region. Ongoing delivery of the training program component is being transferred to local partners in Mexico.

This initiative is also a direct response to Council Resolution 06-06.\(^4\) This resolution challenges multinational automotive companies with supply chains that cross North American borders to engage their small and medium-size

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\(^2\) An example of this is the support of the North American dialogue around the national Pollution Prevention Roundtables—see http://www.cec.org/news/details/index.cfm?varlan=english&ID=2504.


suppliers in improving business and environmental performance through measures such as pollution prevention, improved management of chemicals, enhanced energy efficiency and adoption of best practices to reduce environmental impact. This project also seeks to develop within the CEC a culture of strategic engagement with the private sector to capitalize on synergies and maximize results.

During 2007/8, the CEC engaged the auto sector, particularly in Mexico and Canada, to promote the creation of business-led initiatives to improve environmental performance of their supply chains. In Mexico a core group of 10 companies is leading the initiative. Issues identified to date include compliance, supply-chain processes, and communications. In Canada, the core group of companies has identified issues of recycling of plastic products and waste, energy management and water consumption, zero waste, and chemicals in products as areas of potential interest. In addition, two “Lean and Clean” manufacturing training sessions are being organized by the CEC in Mexico in 2008.

**Key Stakeholders, Resource Leveraging, Partnerships (to date)**

Stakeholders include major automotive manufacturers and their suppliers, providers of technical assistance\(^5\) to improve environmental performance of firms, government agencies—encompassing both economic and environmental areas—and trade associations, particularly those with common goals, such as the Green Suppliers Network and the US Suppliers Partnership (SP) for the Environment.

In Canada, Environment Canada initiated the Automotive Parts Manufacturers’ Association’s Environmental Performance Agreement (EPA). There are some potential synergies between this project and the CEC’s initiative, especially with respect to energy and coatings issues. The EPA focused on volatile organic compounds (VOCs) and carbon dioxide (CO\(_2\)) reductions. With respect to VOCs and CO\(_2\), there are therefore parallels. The issue is that a limited number of companies participated in the EPA, which expired in 2007. Therefore, the objective is to increase participation in the SP Canada program.

Resource leveraging is core to the design of this project, since it has sought to develop an explicit commitment by the companies to take a leadership role to structure and fund these activities. While funding for the work to date has been provided primarily by the CEC, most of the resources for 2009 will be provided by the member companies. In addition, in-kind support—in terms of sharing existing private or public tools—is expected to be significant.

**Advisory Groups Related to This Project**

No new groups other than the Partnership itself are proposed for this project. Oversight will be performed by the Trade and Environment Working Group.

**Rationale**

Council Resolution 06-06 identified that gaining the necessary commitment from this industrial sector (and potentially from the Suppliers Partnership [SP] for the Environment) to implement the project would be an essential step.\(^6\) To this end, it instructed the Secretariat to:

- ascertain the interest of potential partners in this collaborative effort;
- gauge the willingness of potential partners to define more-specific goals, objectives and measures for the collaboration and obtain commitments;
- define challenges to the full implementation of this collaboration; and
- utilize steps necessary to build capacity for this collaboration.

Activities to date have concentrated on the first two items, although some advance work has been done with respect to activity 3 through the development of a more specific action plan in Mexico. The development of a North American Roadmap to Green the Auto Supply Chains as proposed under this project will define the challenges to full implementation of this collaboration at the North American level, as mandated by step 3. This Roadmap will also provide the elements to measure the progress of the initiatives at the North American level. Recognizing the need to have a roadmap with the full endorsement of national suppliers, as well as to take

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\(^5\) In Mexico this includes, for example, the Clean Production Centers, and in the US, the Manufacturing Extension Partnerships.

advantage of existing initiatives, a meeting of the Partnerships and other key stakeholders, including relevant government agencies, will be held to discuss, refine and endorse the Roadmap.

The Resolution also recognizes that many such suppliers may not have access to the technical expertise to pursue green manufacturing, and expects the partnership to support capacity building by developing tools and training that combine pollution prevention with accepted business approaches. This project proposes to develop this through the existing partnerships developed though the Greening the Supply Chains project and seeking ways for industry to assist in sharing some of these costs as needed. Two initial Lean and Clean manufacturing train-the-trainers workshops were held in Mexico in 2008, rather than the conducting of individual supplier assessments. Efforts in 2009 will facilitate collaboration among national initiatives, including through exchange of information and tools.

The auto sector is emblematic of the extent of economic integration of North America. This initiative provides an opportunity to bring national efforts by both the private and the public sectors to promote the improvement of their environmental performance into a concerted trinational effort that could serve as a model for other industries. The sharing of relevant national experiences and tools will serve to develop a more efficient platform and avoid duplication of national efforts as well as to maximize their positive impact.

**Fulfillment of Strategic Objectives**

Within the scope of the Commission’s 2005–2010 Strategic Plan, the CEC has sought, over the past four years to expand its engagement with the private sector and has developed a set of activities aimed at improving the environmental performance of the private sector though model compliance approaches.  

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CEC Niche and Value Added

The CEC, with its North American focus on trade and environment issues and its previous work in the forging of regional partnerships in this sector, is uniquely suited to sponsor this initiative. CEC value added is the capacity to link previously disparate and unconnected supply-chain initiatives into an effective and continent-wide partnership.

Linkages with Other CEC Projects

While not explicitly linked, this project could potentially link to other CEC areas, such as the SMOC and Air programs. These links will be more relevant in the implementation of the Roadmap and of the programs’ national action plans.

In addition, this project may link to the project on Competitiveness and Environmental Sustainability, by providing practical insights into the drivers and barriers to improving business environmental performance and their impacts on competitiveness.

Activities and Outputs

Key Activities

1. Develop a background paper to serve as the basis for a North American Roadmap to Green the Auto Supply Chains.
2. Host a trinational meeting of key auto sector representatives, including the North American Suppliers Partnerships, to review the Roadmap.
3. Strategic support for further collaboration among the national initiatives.

Target Groups

Auto manufacturers and their suppliers, throughout North America.

Partners, Stakeholders

Government agencies (Semarnat, Profeapa, US EPA, Environment Canada). Business associations, such as the US Suppliers Partnership for the Environment, the Asociación Mexicana de la Industria Automotriz (AMIA), Asociación Nacional de Productores de Autobuses, Camiones y Tractocamiones (ANPACT) and the Industria Nacional de Autopartes (INA), from Mexico.

Core group of auto sector companies in each country.

These actors have actively participated in CEC efforts at the national level, and their participation is expected to continue into 2009.

Leveraging

The various partners will provide significant in-kind support through their efforts to expand the membership of the national partnerships as well as through their expertise. In addition, the operations of the partnerships will be fully funded by the member companies.

Outputs and Associated Timelines

- A report on a North American Roadmap to Green the Auto Supply Chains, assessed and adopted by stakeholders within the Auto Sector.
- A set of tools and relevant information available to all three national initiatives in support of their project objectives and the implementation of the Roadmap.

Anticipated Outcomes and Performance Indicators

Direct Outcomes

- Commitment of core auto manufacturers and suppliers to green their supply chains (through the adoption of the Roadmap).
- Increased exchange of tools and resources for the Greening the supply chains.

Performance Indicators

- Endorsement of the Roadmap from the three national partnerships.
- Increased relevant materials and information on greening the supply chain, and dissemination among the auto sector companies.
Intermediate Outcomes

- A business-driven, self-supported North American Partnership to promote greening of the supply chains in North America, particularly of small and medium-size enterprises (SMEs).
- Auto sector suppliers, particularly SMEs, taking action to green their manufacturing.

Performance Indicators

- Financial and logistical resources to sustain initiative; membership of companies to the initiatives; number of SMEs outreached and/or using the tools being shared.
- Actions taken to green manufacturing.

Final Outcomes

- Reduction of the environmental impact associated with the auto industry.

Performance Indicators

- Environmental metrics to be developed as part of the Roadmap.

Timetable, Project Completion and Sustainability Beyond

Culminating Steps in Achievement of Program Objectives

The activities planned for 2009 will allow the CEC to close the support cycle for the auto sector industry in terms of the objectives of Council Resolution 06-06.

Target End Date for CEC Involvement

This initiative started in 2006, and by supporting the institutional platform and providing a Roadmap for action the CEC will culminate its work in 2009. Full and ongoing implementation of the Roadmap will be the responsibility of private sector stakeholders and partners.

Sustainability Beyond

Success will depend on the continuity of the initiative in the future of the national initiatives. As stated above, it may catalyze further action by the Parties of the CEC in the implementation of the national action plans and the various components of the North American Roadmap.

Communications

Key target audiences for the deliverables of this project include major corporations in the automobile industry with supplier chains that cross North American borders, as well as trade associations, technical assistance centers, and government agencies in the three countries involved in supporting the auto industry and promoting pollution prevention activities.

Results will be communicated at meetings at the national and trinational level as well as through the Web.

Information Management

No specific component is being anticipated in this regard.
# Implementation Plan

## PROJECT 6B: Greening the North American Auto Industry

### Strategic Objectives:
- Improve private sector environmental performance through model environmental compliance approaches.
- Increase the capacity of the three countries to identify and address trade-related environmental concerns to achieve mutual benefits for trade and the environment and improve collaboration among the three countries in these areas.

<table>
<thead>
<tr>
<th>2009 Tasks</th>
<th>Key Outputs</th>
<th>Timing</th>
<th>Expected Outcomes</th>
<th>Beneficiaries (Reach)</th>
<th>Budget (CS)</th>
<th>Future Activities</th>
</tr>
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<tbody>
<tr>
<td>1. Develop a background paper to serve as the basis for a North American Roadmap to Green the Auto Supply Chains.</td>
<td>A North American Roadmap to Green the Auto Supply Chains.</td>
<td>Spring 2009</td>
<td>Commitment of core auto manufacturers and suppliers to green their supply chains (through the adoption of the Roadmap).</td>
<td>SMEs involved in the auto industry.</td>
<td>$40,000</td>
<td>Initiatives self-sustained at national level after 2009. CEC may decide to keep engaging them to monitor the Roadmap implementation and promote trinational contact (preference is for the project to be entirely self-sustaining by private sector networks).</td>
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<td>2. Host a trinational meeting of key auto sector representatives, including the North American Supplier Partnerships to review the Roadmap.</td>
<td>A trinational meeting to review the Roadmap to define challenges to full implementation of this collaboration at the North American scale.</td>
<td>Fall 2009</td>
<td>Commitment of core auto manufacturers and suppliers to green their supply chains (through the adoption of the Roadmap).</td>
<td>Auto sector networks and its members. Government agencies, e.g.: Ontario and Michigan.</td>
<td>$30,000</td>
<td>Completed in 2009.</td>
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</table>
PROJECT 6B: Greening the North American Auto Industry

Strategic Objectives:
- Improve private sector environmental performance through model environmental compliance approaches.
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<td>3. Strategic support for further collaboration among the national initiatives.</td>
<td>Set of tools and relevant outputs translated and adapted.</td>
<td>Increased exchange of tools and resources for the Greening the supply chains.</td>
<td>Auto Sector manufacturers and suppliers in North America.</td>
<td>$15,000</td>
<td>Completed in 2009.</td>
<td></td>
</tr>
</tbody>
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Total Cost: $85,000
**PROJECT 6B: Greening the North American Auto Industry**

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**Performance Measurement Indicators:**
- Endorsement of the Roadmap from the three national partnerships.
- Increased relevant materials and information on greening the supply chain and dissemination among the auto sector companies.
- Financial and logistical resources to sustain initiative, membership of companies to the initiatives, number of SMEs outreached and/or using the tools being shared.
- Environmental metrics to be developed as part of the Roadmap.
- Actions taken to green manufacturing.

**Key Partners:**
- Green Suppliers Network
- US Suppliers Partnership for the Environment
- OEMs with supply chains
- Auto Parts Manufacturers Association
- Environment Canada
- US EPA
- Semarnat
- Profepa

**Committed Partners:**
- Allegiant Global, AP Mexico, Chrysler Mexico, Continental, Ford Motor Company, General Motors Mexico, JCI Mexico, Lear Mexican Operations, Robert Bosch, Visteon Corporation, Suppliers Partnership for the Environment

**Completion of 2008 Outputs** (publishing, translation, editing, layout of document/information products submitted for QAPP review prior to 31 December 2008): $5,000.

QA # 08.15 : Integrated report on Greening the Supply Project in Mexico.

QA # 08.16 : Executive Summary of integrated report on Greening the Supply Project in Mexico.