

REMARKS OF SENATOR BENJAMIN L. CARDIN (D-MD)
REGIONAL MANUFACTURING INSTITUTE OF MARYLAND'S
GREENING THE SUPPLY CHAIN CONFERENCE
Tuesday, June 3, 2008

“KERMIT WAS WRONG: IT IS EASY BEING GREEN”

Good morning. It's a pleasure to be with you. The purpose of this conference is to showcase initiatives that Steelcase, Johnson Controls, General Motors, Baxter International and their partners have made to “green” their supply chains.

Greening the supply chain will have an enormously positive impact on energy use and the environment – it's like a stone thrown into a pond: the ripples head in all directions and keep going.

I want to thank the co-hosts of today's conference:

Regional Manufacturing Institute of MD (RMI)

Dr. Michael Galiazzo [*RMI's executive director*] and Tom Gallagher [*GM Powertrain Baltimore Transmission/chairman of RMI's board of directors*] have done a great job of putting together an organization of stakeholders.

RMI fosters the public sector-private sector dialogue so important for coming up with the policies we need to keep our manufacturers humming.

RMI is unique in that it has representatives of business, government, education, labor, and the community serving on its board of directors, including my House colleague Representative Dutch Ruppersberger.

U.S. Environmental Protection Agency (EPA) Green Suppliers Network

Tom Murray [*Senior Scientist & Chief of the Prevention Analysis Branch of the Pollution Protection Division at EPA Headquarters*] is the EPA Green Suppliers Network representative at today's conference.

The Green Suppliers Network is a collaborative venture between industry, EPA, the and the U.S. Department of Commerce's National Institute of Standards and Technology's Manufacturing Extension Partnership (NIST MEP), a leading provider of technical assistance to manufacturers.

The Green Suppliers Network works with large manufacturers to engage their small and medium-sized suppliers in low-cost technical reviews that focus on process improvement and waste minimization. EPA provides program support and funding. Technical reviews are coordinated through NIST MEP.

Teaching suppliers about “Lean and Clean” manufacturing techniques can help them to increase energy efficiency, identify cost-saving opportunities, and eliminate waste.

Maryland-Asia Environmental Partnership (MD-AEP)

Peter Gourlay [*MD-AEP president*] will be speaking later about the Global Sustainability Movement.

The Maryland Asia Environmental Partnership forges public-private partnerships to address water, energy, and pollution prevention problems throughout the Asian continent.

MD-AEP is cataloging private sector clean technology resources and project financing “vehicles” to help Asian government and business leaders find relevant environmental expertise from Maryland businesses, government, universities, and trade groups.

MD-AEP also serves as a clearinghouse to Maryland organizations for market intelligence and key local contacts in Asian countries.

As you might imagine, I receive a great deal of mail, including magazines. In just the past few days, these are some of the magazines I have received, and their cover stories:

- *Aviation Week & Space Technology*, “Lean ‘n’ Green: Propulsion’s Big Push”
- *Aviation Week & Space Technology*, “Sustainable Aviation: The Green Challenge”
- *BusinessWeek*, “GM’s Challenge: Live Green or Die”
- *U.S. News & World Report*, “Why America Needs an Energy Diet (And So Do You)”
- *Latin Leaders—The National Magazine of the Successful American Latino*, “The Green Issue: Top Leaders in Energy”
- *Technology CEO Council*, “A Smarter Shade of Green: How Innovative Technologies are Saving Energy, Time and Money”

What these magazines all reveal is that we’re witnessing a profound “paradigm shift” in the way businesses do business. The old assumption has been that taking steps to cut emissions, protect the environment, and conserve natural resources usually hurt the bottom line.

The emerging assumption is that taking steps to cut emissions, protect the environment, and conserve natural resources helps the bottom line.

Or, as I like to put it: Kermit was wrong – it IS easy being green. Or, at least, it's getting easier!

If there's a "silver lining" to the effects of global climate change and 130-dollar-per-barrel oil, it's that people and markets are finally realizing, as the biologist Barry Commoner wrote 37 years ago, There Is No Such Thing as a Free Lunch.

That was the fourth of four "Laws of Ecology" he laid down in his seminal book on the environment, *The Closing Circle*. The other three are important, too:

1. Everything is Connected to Everything Else.
2. Everything Must Go Somewhere.
3. Nature Knows Best.

Companies are changing how they manage their supply chains. Rigid, arms-length, customer-supplier relationships are giving way to alliances with upstream and downstream trading partners. Companies of all sizes are further enhancing these fundamental supply chain changes by considering the environmental impact – and related bottom-line effects – of their decisions and actions.

More and more companies are tackling this issue by using environmental accounting techniques to reduce supply chain costs by systematically identifying environmental costs throughout the supply chain, which typically are not captured through conventional accounting methods. Once the costs or potential benefits have been identified, companies can analyze the "cost drivers" and evaluate cost reduction opportunities.

One such cost is associated with managing hazardous materials. For Pratt & Whitney, for each dollar spent purchasing hazardous materials, another 19 dollars was being spent to manage them over the course of their life-cycle.

Avoid the purchase in the first place and avoid the associated management costs down the road.

A number of companies – including the ones you will hear from today – have successfully applied environmental accounting methods to supply chain management decisions.

Here's an example of what greening the supply chain can accomplish: EPA is announcing the establishment of a SmartwaySM Transport Partnership to the entire supply chain at this month's inaugural Greening the Supply Chain Conference, to be held next week at the Sacramento Convention Center.

The SmartwaySM Transport Partnership is a voluntary partnership between various freight industry sectors and the EPA that establishes incentives for fuel efficiency improvements by reducing unnecessary engine idling and increasing the efficiency and use of rail and intermodal operations.

By 2012, the SmartwaySM Transport Partnership aims to reduce carbon dioxide (CO2) emissions by 33 to 66 million metric tons and nitrogen oxide (NOx) emissions by up to 200,000 tons per year and save up to 150 million barrels of oil annually.

Consider just one aspect of this initiative: greater reliance on freight rail. Railroads are about four times more fuel efficient than trucks. If just 10 percent of the freight currently moving by truck were to go by rail instead, the nation could save one billion gallons of fuel per year. And moving freight by rail does more than reduce fuel consumption and pollution; it also eases highway congestion. A single intermodal train can take 280 trucks off the highways.

Today's Presenters

I want to congratulate today's presenters – Steelcase, Johnson Controls, General Motors, Goodwill, and Baxter International and their supply partners – for their exemplary leadership.

(1) Steelcase recently agreed to purchase all of the power produced from a new wind farm in Texas for at least five years. More renewable energy from this project means less demand for electricity that's generated from the burning of fossil fuels. With this commitment, Steelcase becomes the largest purchaser of U.S. wind power credits in the office furniture industry. According to EPA, through this initiative alone, Steelcase will help reduce CO2 emissions by more than 61 million pounds each year.

(2) Every Johnson Controls facility worldwide has to develop and implement a management system that continually improves environmental, health, and safety performance.

Johnson Controls expects its suppliers to comply with environmental regulations and its own standards. Management encourages its suppliers to align their environmental management systems with I-S-O 14001.

Johnson Controls' energy-saving initiatives in its own facilities have reduced energy consumption by 30 percent from 1997 levels, preventing the release of more than 20 million pounds of greenhouse gases and hundreds of thousands of pounds of other air pollutants.

(3) General Motors participates in the Suppliers Partnership for the Environment (SP), an innovative partnership between automobile manufacturers, their suppliers, and the EPA. The goal of the Partnership is to improve environmental performance while providing value throughout the automotive supply chain. General Motors was instrumental in the formation of SP following a successful pilot program at GM's Saturn division. SP has "work groups" concentrating on specific tools to help suppliers improve their environmental performance.

In one "work group", General Motors has partnered with Goodwill Industries to create a by-product reduction facility to address non-hazardous waste at auto plants and their suppliers in environmentally and cost-effective ways. The Packaging Work Group is addressing ways to reduce packaging waste, promote reuse, maximize recycling, and reduce costs.

(4) EPA recognized Baxter International for participating in the agency's Fortune 500 Green Power Challenge. In 2007, Baxter's purchase of nearly 21 million kilowatt-hours of green power ranked the company #26 among participating corporations.

Earlier this year, Baxter received the first annual Corporate Citizen Award for Environmental Sustainability by the League of Women Voters of Illinois. The award recognizes excellence in advancing environmental sustainability. Baxter was honored for its "clean and green" operations, which include making its headquarters in Deerfield, Illinois, a carbon-neutral facility. For the fourth consecutive year, Baxter has been recognized as one of the Global 100 Most Sustainable Corporations in the World by Innovest Strategic Value Advisors. Baxter is one of three healthcare companies globally, and the only U.S. healthcare company, to have been recognized in the Global 100 each year since the list was first published in 2005.

I'm so encouraged by the paradigm shift on greening the supply chain. It's making our companies more competitive and it's helping to protect the environment. The more that companies and their suppliers can do voluntarily to reduce waste, cut greenhouse gas emissions, and protect human health and the environment, the less the government will have to require them to do.

You're here today because you're at the leading edge of this paradigm shift and I applaud you for it. You're proving that IT IS EASY BEING GREEN.

America's Climate Security Act

The biggest environmental challenge we all face is global climate change. It so happens that the Senate is considering a climate change bill – the so-called

Lieberman-Warner bill – this week. This is a topic that scares many of you gathered for this conference. Clearly, everybody with a stake in the outcome of the effort to curb greenhouse gas emissions needs to be heard. I think RMI could perform a valuable public service by organizing stakeholder meetings on this subject.

I'm so encouraged when I hear corporate members of the U.S. Climate Action Partnership (U.S.-CAP) – including General Motors – say, "In our view, the climate change challenge will create more economic opportunities than risks for the U.S. economy."

The Lieberman-Warner Climate Change bill, which I was proud to co-sponsor, establishes a mandatory, economy-wide, market-driven "cap-and trade" approach to cutting global greenhouse gas emissions – an approach the U.S.-CAP members support. To be honest, I doubt that President Bush would sign such legislation into law, but I think we're laying the groundwork for the new administration next year.

For those of you who question the efficacy of cap-and-trade, we already have a model that works: the Acid Rain Program. Sulfur dioxide emissions have been cut in half and emissions of nitrogen oxides have been cut by one-third since 1990 – all at a cost of just one-quarter what the Environmental Protection Agency originally estimated. The administration's own Office of Management & Budget reported that the Acid Rain Program accounts for more than 70 billion dollars annually in quantified human health benefits; benefits exceed costs by more than 40 to 1.

Capping carbon dioxide emissions is trickier than capping sulfur dioxide emissions but we have a solid model to start with.

The Lieberman-Warner bill is the most aggressive climate change bill in the world, slashing American greenhouse gas emissions by two-thirds by mid-century, putting America in the lead in reducing harmful emissions.

- The legislation will transform the American economy, positioning us to continue our global leadership for decades to come. Energy efficient, high performance businesses will flourish here and serve as international leaders in ushering in sustainable economic growth around the world.
- Retooling the American economy for the 21st Century will put us in charge of our own energy supplies. Our current reliance on other countries, many of whom are not friendly to America or the values we cherish, puts us at unacceptable risks to disruptions in the fuel supply chain. This bill will put us on a path to energy independence and that's a path to improved national security.

- Dramatically cutting greenhouse gas emissions is essential to the environmental health of our planet. This bill goes further, providing billions of dollars to plant forests, produce sustainable bio-fuels, and protect natural resources like the Chesapeake Bay.

I believe the Lieberman-Warner Climate Change bill is:

- good for our economy;
- critical for our national security; and
- essential for the health of our environment.

I look forward to working with all of you on climate change legislation, on greening the supply chain, and on other initiatives to bolster manufacturing and environmental protection.

It's imperative we do this: as Carl Sagan said, "Anything else you're interested in is not going to happen if you can't breathe the air and drink the water. Don't sit this one out. Do something. You are, by accident of fate, alive at an absolutely critical moment in the history of our planet."

Thank you again for inviting me to be with you at this conference, and thank you for all of your hard work on greening the supply chain.

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