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Council of Great Lakes Industries
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President

Why is industry here?

Good morning. I am here today representing the Council of Great Lakes Industries (CGLI) because we want to join with those who have ideas for our region -- ideas of where we all want the region to go, what we want the region to become and how we are going to get there. The industries that I represent want to continue to be a vibrant part of this region and its future.

The Council of Great Lakes Industries is an organization of companies and associations who currently have significant interests in the Great Lakes Region. The members of CGLI belong because of their commitment to sustainable development as embodied in CGLI s mission -- to promote the economic growth and vitality of the region in harmony with its human and natural resources or, sustainable development.

Capturing the opportunity

It is an important time for this region. Access to water and the use of water has been part of the history of this region and integral to the growth of our communities. In retrospect, communities and industry developed in part at the expense of the environment. For the past three decades the region has been working to fix what was done to the basin s environmental resources in the past. We in the region have been reacting. And, we have made progress. One example is the progress toward meeting the goals and challenges of the Great Lakes BiNational Toxics Strategy.

Today s discussion is focused on Restoration of the Great Lakes Region. If we re not careful we can spend all our time and thought on fixing again. I don t mean to imply that we don t have circumstances in the basin that need to be fixed. We do and we re working on them with success.

But now is the time to change our approach. Instead of just being reactive, we citizens of the Great Lakes need to build on what we have. We need to imagine a continually improving quality

of life for the region and figure out how to realize this vision. The issue for all of us in the basin is to focus on being sustainable, so in the future we don't have to go back and fix things yet again.

Our concern is that when we start discussing the broader topic of restoration of the Great Lakes region, the objectives need to be clearly defined. Obviously, the basin has real needs that would address real current problems and help prepare for the future. One of these needs is to update aging infrastructure to accommodate current and future demands. Combined sewer overflows are an example. But, industry believes the region needs more focus on the future. Similarly, the region has a good understanding of restoration when we talk about Areas of Concern or AOCs. We have clearly defined objectives for the AOCs: they are to be restored so that beneficial uses are no longer impaired. We may have differences as to how to achieve it but there is a clearly defined objective and AOC restoration is an appropriate goal.

Like the IJC, CGLI is a bi-national organization and considers restoration a bi-national agenda even though it is being heavily influenced in the US by legislation in both houses of Congress. As many of you are aware, the current proposals are:

- In the House of Representatives the Great Lakes Restoration Financing Act of 2003 HR 2720, would create a \$4 billion Great Lakes Trust Fund providing the States with Great Lakes Restoration block grants. The legislation would establish an advisory board to facilitate coordination and to develop a comprehensive Great Lakes management plan within two years.
- In the Senate the Great Lakes Environmental Restoration Act, Senate bill 1398, is a \$6 billion bill that would establish a Great Lakes Environmental Restoration Advisory Board and a Great Lakes Federal Coordination Council. It would provide grants to States, municipalities and others for restoration efforts. The bill also calls for the establishment and implementation of science-based indicators of water quality and related environmental factors. It further provides for the establishment of monitoring and data collection with respect to the established indicators.

Unfortunately the current focus of both of these bills is fixing and not enough on building for the future. There is clearly a call to action, with a lot of money involved. And, a lot of money means many groups are putting forward their restoration plans. Unfortunately, the question of Restore to What? is not defined. Industry sees this restoration agenda as a potentially dangerous focus on the past without defined objectives to meet the demands of the future. In addition to not dealing with the future, this call to action focuses solely on the environmental sustainability without taking into consideration the social and economic dimensions of the region's sustainable development needs.

CGLI's Plan for Great Lakes Restoration

So what is CGLI's plan for Great Lakes Restoration? We see it as preparation for the future or sustainable development of the Great Lakes basin. Industry thinks it is time to meld the basin's interest group advocacy, including our own, into collective work to constructively create an agenda for the future. What the region needs is to prepare for a growing population with greater expectations for improvements in their quality of life.

The simple focus of a sustainable development agenda is looking toward the future and making sure that our economic, social and natural resources are managed so they are available for future generations. This is a sweeping agenda, broader than the mandate of any single government agency of which I am aware.

Given the breadth of sustainability issues a framework is necessary for a society - or in this case a region - to understand what has to be undertaken and the targets that need to be set. I would like to outline the key elements of that framework, developed by the World Business Council for Sustainable Development (WBCSD) that can lead to a sustainable future for the Great Lakes. CGLI is a member of WBCSD and, while I am talking from an industrial perspective, many of these sustainable development framework elements require actions by government and citizens of the region.

What does a sustainable development framework mean for our region?

Let me outline the key elements of this framework as we see them:

- First has to be corporate social responsibility. Companies led by people with vision and values serve people with vision and values. A majority of Canadian and U.S. corporations maintain these visions and values. Companies that don't place their futures at risk and the futures of their stakeholders, including host communities.
- Second, we believe the approach to governance where policies are established and executed for the region should include a mix of command and control, voluntary initiatives and economic instruments. This framework element recognizes that economic stability and environmental stability are mutually dependent and should be supported by education and research. For instance, the Great Lakes BiNational Toxics Strategy has demonstrated the successful application of the use of voluntary measures to meet specific environmental targets and timetables.
- Third is eco-efficiency. Industry, at least the industry CGLI represents, believes in pollution prevention and lifecycle planning, not only end of pipe solutions. Waste recycling is also an important component of eco-efficiency, as is smart manufacturing that produces resource and energy efficient products. Environmental management systems are one tool that helps industry maintain its focus on eco-efficiency. Broad application of eco-efficiency outside of industry can enhance our movement towards sustainability since many aspects of eco-efficiency can be applied to society as a whole. The chemical industry has led the way in this area with its Responsible Care[®] ethic and codes of practice. Developed initially by the Canadian Chemical Producers Association, Responsible Care[®] is now the operating standard of the chemical industry sector in over 40 countries worldwide.
- Fourth is managing change, especially through continuing education, employee training programs, and the development of tools to assist business leaders to integrate sustainable development dimensions in their business plans. Industry has been developing and implementing such tools and programs for some time now and will continue to do so, because this is the right way to manage a business for the long term.
- Fifth are dialogues and partnerships between industry and the region's stakeholders. Many of these dialogues and partnerships have already demonstrated their ability to succeed.

Industry associations have produced such programs as the 55% Paper Recovery Goal by the American Forest & Paper Association, that seeks to recover and reuse 55% of all paper consumed in the United States by 2012. AF&PA's goal involves partnerships with the U.S. Environmental Protection Agency, CarrAmerica (an office building owner with 12 markets

nationwide), Keep America Beautiful, and the Parent-Teacher Association, as well as with cities and counties across the country and in our region. Through these partnerships, the paper industry expects to recover enough paper from office buildings, schools, and homes to fill 26 Empire State Buildings. By partnering with these organizations, the industry will continue to contribute to the environmental health of our nation and our region, assure the employment of many thousands of workers, and continue to utilize natural resources in a sustainable manner.

Another example of partnership brought together The Dow Chemical Company, the National Resource Defense Council and five local environmental activist groups to reduce waste emissions through pollution prevention and waste management at Dow's manufacturing facility in Midland, Michigan. The Michigan Source Reduction Initiative (MSRI) set a goal of 35 % reductions but actual reduction of emissions was 43% and targeted wastes were reduced by 37%. Not only did this project meet the partnership's aspirations by improving relationships with all stakeholders, the cost savings and process improvements from the project were exemplary: A one-time expenditure of \$3.1 million has generated savings of \$5.4 million per year, demonstrating again that pollution prevention pays.

- Sixth is informing consumers about products and providing consumers a choice. Undeniably, this has sometimes been a little difficult for industry. Companies often need to do a better job informing their consumers about the environmental attributes of their products - both positive and negative - and their sustainable business practices.
- Seventh is innovation, which is not only important for industry but also, all the region's stakeholders. It will lead us to those improved practices, processes, and products that will help us achieve sustainability.

All economic organizations strive to maximize their return on investment, thereby contributing to wealth creation in society. The new function, which all of these actions reflect, is placing a value on our environment.

Dealing with the Practical Realities of Our Region

I need to address a few practical realities about our region.

First is Governance: Our region is very complicated. It spans two countries and multiple States and Provinces. There are numerous government agencies and many non-government agencies working on environmental issues of the region. The process of restoration or sustainable development will require good, efficient governance and we must determine what this governance should and should not do. Industry believes it is time to simplify this governance, not create a new level of authorities as the pending Congressional legislation envisages. Governance should be as local as possible so it can answer directly to the people. If possible, this should be accomplished by reinvigorating an existing agency or body. A good example would be the Canadian/US BiNational Executive Committee (BEC). The BEC is now only focused on environmental issues and the bi-national Water Quality Agreement, but with the addition of broader agency participation could reflect economic and social objectives. The BEC is the type of entity that could lead and track the sustainable development agenda.

Second is tracking progress: The basic problem with environmental policy over the last three decades is not having: 1. clearly defined objectives; 2. indicators to assess progress toward meeting those objectives; and, 3. data to support the indicators.

We can't afford to make that mistake in our sustainable development planning. And we have to track our progress in the social and economic areas along with our progress on the environment. The U.S. Senate legislation clearly includes resources to collect data for environmental indices. But, it needs to be broadened to accommodate sustainable development indicator needs. The Canadian Roundtable on the Environment and Economy has proposed a set of environmental and sustainable development indicators for consideration by the federal government. The indicators will be supported by the recently launched Canadian Information System for the Environment (CISE).

From a Great Lakes perspective, the pioneering State of the Lakes Ecosystem Conference (SOLEC) has taken on the important task of developing indicators for the environmental health of the region. We need to build on the large investment in SOLEC for the development of these indicators rather than create new programs. SOLEC is also developing social indicators and indicators of economic health. These are absolutely essential if we are to monitor attainment of each of the three legs of the sustainability stool — environment, social, and economic. Possible indicators in these categories include the use of environmental management systems, the use of alternative energy sources, the use of smart development by communities, the extent of recovery and recycling in communities. SOLEC has recognized, as have many others, that without a strong economy, and the wealth it creates, along with a stable social structure, there are no resources available to protect the environment.

Third, manufacturing is economically essential in the region.

We need manufacturing industry in the region.

1. Jobs in manufacturing are an entry to the middle class for millions of non-college educated workers, not to mention a source of high paying jobs for those with degrees.
2. Manufacturing anchors high-end services jobs, especially in cities.
3. Industry drives the demand for and application of new technology.
4. Such industries are essential to achieving more balance in trade.

And, manufacturing is declining in the region. In Michigan, which is reflective of the rest of the Great Lakes region, 43 % of plants in a study by Michigan Manufacturing Technology Center had sales declines of 10% or greater from 2000 to 2002. Nearly 26% reported declines of 20% or more. In the US, from 1998 to April of 2003, 2,554,000 manufacturing jobs have been lost. We cannot ignore these economic facts when we talk about restoration for our region.

Fourth is the need to Set Realistic Priorities :

When setting targets to make progress toward a sustainable state, we need to be realistic. The ideal of absolute zero pollutant release — even if it were measurable and possible — zero environmental impact, and zero risk, although a lofty vision, may actually be a distraction in developing a practical, actionable and measurable sustainable development strategy for the Great Lakes Basin. Throughout our quest to attain sustainability - or to achieve a restoration goal - we must incorporate risk assessment and risk management principles. Regardless of how much investment or funding comes to the region through restoration or other avenues, we will have to assign priorities to insure that we are working on the right issues. The only substantively appropriate way to assign these priorities is through rigorous risk assessment/risk management processes.

And again, sustainability requires a balance of the environmental, social and economic needs of the region. It calls for policy integration between the three pillars of sustainable development. If, in developing a long term vision for the Great Lakes, we focus exclusively on environmental

sustainability, critically important as it is, we won't achieve the results in the environment we seek. That's because we'll lose the will of the people and the financial resources so necessary to achieve environmental progress. Most importantly, we will have failed the millions of citizens who live and work in the basin.

Summary

Industry has and will continue to support policies that encourage the sustainable development of this unique region.

- Most of the citizens of the Great Lakes are in favor of more federal money coming into the region and we are all going to have to work hard to get these funds. When we succeed, let's use this money to work together on the future of our region, not just recreating a romantic vision of the past that does not reflect the socio-economic reality of today's basin.
- Let's not create new levels of authorities to make all our lives more difficult but reinvigorate those we have now.
- Industry commits to supporting policies so that the future will match our vision of the Great Lakes: a region with a vibrant and sustainable economy where we can eat the fish, swim in the lakes and drink the water. Call it by whatever name that will raise funds and heighten awareness, but those policies will be most effective if they are developed as support for a comprehensive sustainable development plan for the region.

Thank you for this opportunity to share industry's thoughts.