

THE MANUFACTURING COUNCIL

DELIBERATION OF THE MANUFACTURING COUNCIL FOR
APPROVAL OF PROPOSED LETTER OF RECOMMENDATION
REGARDING SUSTAINABLE MANUFACTURING METRICS AND A
NATIONAL ENERGY INDEPENDENT STRATEGYConference Room 2120
Louise Slaughter Building
Rochester Institute of Technology
111 Lomb Memorial Drive
Rochester, New YorkTuesday,
September 23, 2008

The meeting was convened, pursuant to notice, at 4:03 p.m., MR. FRED KELLER, Chairman, presiding.

APPEARANCES:

MEMBERS OF THE BOARD:MR. FRED KELLER, Chairman
Cascade EngineeringMS. KELLIE JOHNSON, Vice-Chair
ACE Clearwater EnterprisesMR. JOHN CANTLIN
Lifoam IndustriesMR. DANIEL DiMICCO
Nucor CorporationMR. WILLIAM JONES
Penn United Technology, Inc.**ALLIANCE**

COURT REPORTING, INC.

APPEARANCES CONTINUING:

ALSO PRESENT:

HON. WILLIAM G. SUTTON
Assistant Secretary for
Manufacturing and Services

WILLIAM McELNEA
Department of Commerce

DR. NABIL NASR
Director, Golisano Institute for
Sustainability at the Rochester
Institute of Technology

I N D E X

	<u>PAGE</u>
MEETING CALLED TO ORDER Mr. Fred Keller, Chairman of Council	4
WELCOMING REMARKS The Honorable William G. Sutton, Assistant Secretary for Manufacturing and Services	6
PRESENTATION OF PROPOSED OFFICE OF MANUFACTURING AND SERVICES COMPETITIVENESS REPORT FOR COMMENT The Honorable William G. Sutton, Assistant Secretary for Manufacturing and Services	8
GENERAL DISCUSSION/INTRODUCTION OF KEYNOTE SPEAKER Moderated by Mr. Fred Keller, Chairman of Council	22
KEYNOTE SPEAKER ON SUSTAINABLE MANUFACTURING Dr. Nabil Nasr, Director of the Golisano Institute for Sustainability at the Rochester Institute of Technology	32
QUESTIONS FOR KEYNOTE SPEAKER Moderated by Mr. Fred Keller, Chairman of Council	45
OECD SUSTAINABLE MANUFACTURING METRICS CONFERENCE OVERVIEW Mr. William McElnea, Department of Commerce	50
PRESENTATION OF THE PROPOSED LETTER ON SUSTAINABLE MANUFACTURING METRICS Mr. Daniel DiMicco, Member of the Subcommittee	62
DISCUSSION OF THE PROPOSED LETTER Moderated by Mr. Fred Keller, Chairman of the Council	65
CLOSING REMARKS AND ADJOURNMENT Mr. Fred Keller, Chairman of the Council	71

ALLIANCE

COURT REPORTING, INC.

P R O C E E D I N G S
MEETING CALLED TO ORDER

CHAIRMAN KELLER: I would like to call the meeting of the Manufacturing Advisory Council together, and I would like to thank everybody for coming.

This is a small but robust group, and we had a nice gathering this morning administratively and had a lot of good discussion, and we're happy to acknowledge, from the Department of Commerce, our Assistant Secretary for Manufacturing Services Woody, and also Bill -- McElnea?

MR. McELNEA: Uh-huh.

CHAIRMAN KELLER: Is that close?

MR. McELNEA: Yes.

CHAIRMAN KELLER: Close, all right. Internationally, Commerce. That's a good title. But you're heading up the sustainable manufacturing part?

MR. McELNEA: That's correct. Uh-huh.

CHAIRMAN KELLER: So I also would like to welcome Dr. Nabil Nasr, Director of the Golisano Institute for Sustainability, RIT, Rochester Institute of Technology.

And many thanks to the rest of the

ALLIANCE
COURT REPORTING, INC.

Manufacturing Council members for being here today.

We last met on July 23rd, and in July we received a series of briefings in the subcommittee breakout sessions to get a little bit more in-depth knowledge of sustainable manufacturing and the manufacturing 24 initiatives, and we discussed information we had received earlier in the day today on these two projects.

And the purpose of today's meeting is to deliberate for approval a letter -- a proposed letter of recommendation regarding sustainable manufacturing metrics and a national energy independent strategy.

But before we begin our deliberation time, I would like to ask Assistant Secretary Sutton to make a few comments.

WELCOMING REMARKS

Assistant Secretary for Manufacturing and Services
The Honorable William G. Sutton

ASSISTANT SECRETARY SUTTON: Well, thank
you very much, Fred.

And I echo Fred's thanks to each and
every one of you for traveling to Rochester to
participate in this meeting. We've got a busy
couple of days, and having you all here really adds
to the importance of what we're doing.

As Fred mentioned, we have done our
third Sustainable Manufacturing America's Regional
Tour -- or SMART -- visits here in Rochester today,
and we've had a great takeoff here; there probably
was about a hundred folks and press coverage.

That went on to Kodak and got a nice
tour from Kodak and had good press coverage there
also. And we left there and went to Xerox, and of
course I left the group at Xerox.

And they're going on to Harbec Plastics
this afternoon to finish up the tour.

They will gather tonight, and then
tomorrow the OECD Subcommittee on Sustainable
Manufacturing Metrics will meet, and we will be
participating in that tomorrow all day, with the

ALLIANCE

COURT REPORTING, INC.

focus on the automotive industry and consumer electronics.

So we tried to -- as you all are in your respective industries trying to do things quicker, better, faster, smarter and more efficient and more cost-effective, so do we at Commerce try to get as much packed into two days here as we possibly could in Rochester, New York, so we have -- we have certainly packed a great deal in.

But, again, I can't thank you all enough for taking the time out of your busy schedules and away from your important work to come participate and advise -- advise the Secretary on manufacturing issues.

ALLIANCE

COURT REPORTING, INC.

585.546.4920

· www.alliancecourtreporting.net

· 800.724.0836

PRESENTATION OF PROPOSED OFFICE OF MANUFACTURING AND
SERVICES COMPETITIVENESS REPORT FOR COMMENT

The Honorable William G. Sutton, Assistant Secretary
for Manufacturing and Services

ASSISTANT SECRETARY SUTTON: One of the items that I would like to report on today is a proposed report. And it doesn't even have a title as of yet, but it looks like it will read something along the lines of "How Manufacturing and Services Influences the Debate on your Behalf."

So the purpose for this little briefing that I want to give you today is a pre-brief, if you will, on the report. It's not been cleared out of Commerce, but I will go through it with you all to get your feedback and comments, if you will, please.

So, the first line. The reasons for this report, obviously, as I travel around -- I think today was my 110th manufacturing facility visit, and over the last seven years; if it's not 110th, it's within one or two of 110 different facilities visits, and various meetings and talking to associations and working inside of the Beltway, and I see a constant misperception of our role.

Because we have such a wide variety of customers, and they each look at us from their front

ALLIANCE

COURT REPORTING, INC.

office, that we need to have something that defines or helps define not only the complexity of the issues, but explains how the value proposition of having our organization inside the interagency process or inside the way the government process works is very, very important.

And our timing is very important also, because I think this time of the year is a great time for us to highlight the types of successes that we have had. And across all of our different offices, we've had successes in various areas. And again, depending on whether you were aware, privy or visible or saw it otherwise, you might have a different perception of it.

But the idea here being, it is the appropriate time -- I've spent the last year briefing Capitol Hill on both sides of the aisle, both Houses, on what we do, and have received initial indications that we have all -- everything in place within the Department of Commerce, and our organization fits very nicely in -- with my mission, as you all know, which was to sustain this concept going into the next administration regardless.

And so we are in that place right now, so I wanted to get a report out that really kind of

ALLIANCE

COURT REPORTING, INC.

585.546.4920

· www.alliancecourtreporting.net

· 800.724.0836

locks it down.

As you all know, how the office evolved -- remember back in 2004, there was a great number of people who said, "We have a Department of Agriculture; we should have a Department of Manufacturing." There was another group who said, "No, that smacks of industrial policy; we don't need anymore government." So the compromise was Manufacturing and Services within the International Trade Administration.

The manufacturing report highlighted a whole series of initiatives, which basically, since we were given no budget, we reorganized what used to be called the Office of Trade Development around the particular industry and sector expert offices that were there, with the addition of -- and this came from all of the different roundtables we had with all the different industries around the country -- with the addition of an Office of Industry Analysis.

And that became a really critical and pivotal point as we look at dealing with this issue, the strategic issue of U.S. competitiveness. Not the operational issue of saving your company or your company or your company, but the strategic aspect of putting that question before all policymakers:

ALLIANCE

COURT REPORTING, INC.

What's the impact of U.S. competitiveness, and let's evaluate it with practical and actual data.

So in a way -- Bill, could you put the slide in there, please -- what basically has evolved in those four years since we started off -- and this is a very busy slide, but I want to take a few minutes with it just to highlight it, because I think it -- I think it presents and helps frame the picture that -- and the way I'm talking is a flow of the manufacturing -- or of the report we're talking about on how we influence the debate at the strategic level. But within the International Trade Administration we look at its mission, which is to strengthen the U.S. competitiveness, obviously with a little focus originally toward trade.

The four major pillars and the four major organizations: Number one, manufacturing and services, which is industry expertise, industry and sector focus; market access and compliance, obviously, revolving around market access; foreign and commercial service, and they're promoting exports, they're helping in the U.S. Export Assistance Centers around the country and they're overseas in the consulates and the embassies. Last but not least, our defense, which is the Import

ALLIANCE

COURT REPORTING, INC.

Administration, which we work on anything within our power to do; operations. The idea being that each has its role and its expertise, and we look at broad industry issues and provide support to every one of them.

There's one that's probably as important that really should be on the chart, but it really doesn't come under our purview: We provide industry level support for USTR, the U.S. Trade Representatives. So kind of figure there's another arrow that runs off from Manufacturing Services here where we actually support the USTR.

Now, what are those other five boxes? When I arrived, the very first thing I wanted to see -- and this was all about establishing us within the Department of Commerce and having a formal organizational piece, was what is the strategic plan of Commerce? What is the -- what is our role? And I distilled the five pieces of how we work within the strategic plan of the import of the -- of the International Trade Administration into five basic areas.

We're responsible for domestic policies as they pertain to particular industries. We're responsible for providing critical economic

ALLIANCE

COURT REPORTING, INC.

information as it pertains to specific industries and the competitiveness issue. We're to provide that same support on market access and trade programs. And then, as every strategic plan for every organization does, we should be striving for organizational excellence.

So that's the picture and that's where we are. We're about 220 folks. That's where we fit within the International Trade Administration.

When I first arrived, I said, "Wow, that's an interesting place for the Office of Manufacturing and Services to be." But the more I spent time there and saw what our different offices were doing, it enables us to leverage on the domestic front the other agencies for working on the big five premiums that you pay to do business in the United States. Well, you've heard that litany a thousand times; you live it every day: Health care, energy, environment, regulator, and legal costs.

And also it enables us to access those issues with a global level playing field, which is market access and the defense of the Import Administration.

So our value added and what we do with those 220 folks is that, with the exception of

ALLIANCE

COURT REPORTING, INC.

agriculture and textiles -- as you all know, textiles resides over at Import Administration completely, and agriculture is the Department of Agriculture -- we look at the details and the big picture of specific industries.

And, again, we're industry-driven. With our Office of Industry Analysis, we can do some analysis on the long-term economic impact of various policies and issues. We can highlight -- and we're more and more getting requests from places like OMB, the Office of Management and Budget, for doing analysis on various regulatory proposals to see what the intended consequences and the unintended consequences and the follow-on issues are.

And, no matter which one of our folks is representing which industry in which potential meeting, they're in that meeting with one thing in mind: The pro-business issues.

Hopefully, again, it forces that question: What's the impact on U.S. competitiveness and what are the intended consequences and what are the unintended consequences?

Well, let's evaluate it with the data. With the data. So our Office of Industry Analysis very much is a critical piece, which was formed by

ALLIANCE

COURT REPORTING, INC.

the manufacturing report, and it is now credible, it is there. And in fact, Bill Morgan, the folks whom you have met here working this issue, are all from our Office of Industry Analysis, because they're the centerpiece of this sustainable manufacturing concept which involves so many aspects of manufacturing and so many aspects of services, and it involves metrics. So it is a perfect location.

How do we do what we do? We listen to the voice of industry. I don't say what industry we go out and help; we get our input from our Advisory Committees, the 20 different Advisory Committees that drive our issue. We really are a management by squeaky wheel.

Again, on the domestic side, it's optimizing; it changes from decreasing the premiums to optimizing the premiums. Because sometimes we want to pay a premium to do business in the United States. We want a clean environment. We want healthy workplaces. We want to pay. Well, that's -- when we do these things, let's make sure we're doing them based on good, practical data and we're not wasting bucks on things that we don't have confidence in.

We have the ability to -- when the

ALLIANCE

COURT REPORTING, INC.

industry wants an issue, we can bring together the folks within the interagency process and stimulate the debate with a pro-business spin on it.

A couple of examples are our sustainable manufacturing initiative, which you all have seen right here and we're commenting on and you're helping us with in your position.

One of the issues we got early on in a big, gorilla energy issue, which you all are very, very aware of, was: What's going on in government about the low carbon end; clean coal, nuclear, wind and solar? So we brought a group together on powering our low carbon future, our Office of Energy and Environmental Industries. We've got a whole list of questions -- we don't have any solutions, but questions for the policymakers all revolving around competitiveness of U.S. industry.

And then we also have the capability with these industry analyses and economists who work in our office for putting things out, like we've all seen our Trade Finance Guide, which distills all of the export assistance funds available through all the Federal Government agencies, down to about a ten-page slick, which helps you cut through all of the different programs. And one of our offices

ALLIANCE

COURT REPORTING, INC.

compiled all that -- it is our bestseller -- which is available on the Web.

We're working on other various other competitive newspapers, and we have been.

Our online tools obviously, back to our critical mission of critical economic data, and our Office of Industry Analysis provides Trade Staff Express, provides Metro Data, which has all been great for the whole policy debate.

So that report -- that theme resonates throughout the report.

Other ways that our offices have very much succeeded: The MDCP program, Market Development Cooperative Program, is a program that the nonprofits are capable -- the trade associations are -- through an application process, come to us and request a grant, and we provide a grant with a certain 2-to-1 match -- so it's not really a grant, it's just a partnership -- for them to open market overseas for their members. So it covers an entire industry; you can then go in overseas and do this. We manage that program. It's showing a, you know, \$101 to 1 return on investment there. It's generated a phenomenal amount of exports.

The China tourism, our Travel and

ALLIANCE

COURT REPORTING, INC.

Tourism office was very instrumental in negotiating a Memorandum of Understanding with the China Tourism Authority, and that's going to be of tremendous benefit to our travel and tourism industry.

Education, higher education. Through some partnerships and some help that we've provided, our Services Industries Office helped higher education, which has been tremendous on getting foreign students into our U.S. higher education facilities, which counts as an export.

And one of the things that we heard from a lot of our manufacturers relative to the transplant companies who are over here, that they weren't getting access to the transplant on the second tier, and so we've had a series of roundtables consisting of that.

These are some of the little examples of where our industry offices have responded to an industry request and actually put things on the table and actually helped with competitiveness of that particular industry.

This is more in detail, more at the operational level for an individual office. The more strategic piece is asking that question about U.S. competitiveness.

ALLIANCE

COURT REPORTING, INC.

So, on sustaining the concept, obviously we have to maintain our core competencies, those big five places where we contribute to the strategic mission of the International Trade Administration and the Department of Commerce. We've got to get that done first.

We've initiated a Public-Private Prevention Manufacturing 2040, that you all know as a concept of looking at, "Okay, we've got issues right now; what are the next set of issues that we're going to have? We need to throw ourselves out 20, 40 more years and look at those kind of things."

Our sustainable manufacturing initiative, we're working -- our Services group is looking at a supply chain infrastructure type of program now.

Civil nuclear is back on the table. We are -- our Energy and Environmental Industries Office is working on a civil nuclear trade initiative to help that industry get back into the game after a 30-year hiatus, if you will.

So, last but not least, the domestic economy, which is a subset of the international economy, as you all know better than I, because you review it every day, the premiums for doing business

ALLIANCE

COURT REPORTING, INC.

are rising every day. I think having the inside-the-government pro-competitive organization like Manufacturing and Services and influencing policy and regulatory debate is here, it's going to be here, and you all are going to help in its sustainability and its moving on into the next administration, because you all are on duty for another two years, so you are the continuity which will carry that on.

So that's the theme and the basic concept of the report. It uses specific examples, and my intent was to use specific quotes from people like Bill and from Kate and from people on the staff. And there will also be an online version of it, where you can go on and click and listen to them talk and see the pieces of it and how the question of "How does this impact U.S. competitiveness?" should be up on everybody's radar screen. Because if we can just get that question asked and get an answer to it with data, then we'll be better off in the long haul.

So that's our proposed report, and as soon as I can get it finished -- that's the idea -- and cleared -- as soon as I can get it finished and cleared, which is like pulling teeth -- the

ALLIANCE

COURT REPORTING, INC.

clearance process is slowing me down. I was hoping to have this for you all. I did finally get approval to brief you on this proposed report, but I wasn't able to release the report. But anyway...

COMMENT

Moderated by Mr. Fred Keller, Chairman of the
Council

CHAIRMAN KELLER: Thank you, Woody.

Are there comments from the Council about this, or questions that you would like to have --

MR. DiMICCO: I have a question. Is this report -- it sounds like it's not written yet.

ASSISTANT SECRETARY SUTTON: It is in draft form. It is like in next-to-final-version draft form.

MR. DiMICCO: Is it something that the Council has seen before?

ASSISTANT SECRETARY SUTTON: No.

MR. DiMICCO: Being new on the Council, is it something the Council should be able to look at in order to -- if you're asking for our input on it?

ASSISTANT SECRETARY SUTTON: Um, I -- yeah, yeah. I mean, definitely we'll swing it by you all, but it's about the overall Manufacturing and Services concept. We have 20 Advisory Councils, so it's about the whole 20 --

MR. DiMICCO: Mm-hmm, mm-hmm.

ALLIANCE

COURT REPORTING, INC.

ASSISTANT SECRETARY SUTTON: -- and it's about the whole piece. But absolutely we would love your comments.

CHAIRMAN KELLER: Just explanation of what's there --

ASSISTANT SECRETARY SUTTON: Exactly.

CHAIRMAN KELLER: -- as opposed to seeking input.

ASSISTANT SECRETARY SUTTON: Right. And it's a report on how it has evolved. It's kind of like what were the misperceptions as -- there were some people who thought, "Oh, great, this is Manufacturing and Services" -- well, at first it was just called the Office of Manufacturing -- "it's going to save my plant." No, that's not what it was for.

MR. DiMICCO: Right.

ASSISTANT SECRETARY SUTTON: And there was some misperceptions of it.

Hopefully, it paints a nice word picture. It is drafted so that it's about issues. It's not a block diagram that says, "We'll organize" -- it's not the typical government document. It's about issues and it's about the debate and it's about how the concept is to

ALLIANCE

COURT REPORTING, INC.

influence the debate, and these are examples.

And we tried to cover such a wide range of examples -- there's some short examples, some long examples -- so that our audience -- to read this and ask me, "Well, who's your target audience?"

I say, "It's everybody."

If you look inside the Beltway associations with whom we deal all the time, they understand it, they know it. But if you go down to Capitol Hill, the members with whom I met understand it and they really like it. I mean, both sides of the aisle. There's no debate at all. They really, really like it.

But when you get out, when I go around, I get wonderful questions from the field when I'm out traveling around. So hopefully it's a -- then we'll have an online version of it that will be very user-friendly and very self-explanatory.

MR. DiMICCO: Is this something that you would make various hundreds of manufacturing councils around the country aware of?

ASSISTANT SECRETARY SUTTON: You bet, uh-huh. Again, I would use -- well, my hope is to use all of our connections through the National Association of Manufacturers, through the U.S.

ALLIANCE

COURT REPORTING, INC.

Chamber, out to the all various business groups, through the state organizations. You know, we talked about that last time we spoke.

The one thing that I haven't quite gotten to is the conductivity with all the states. It's a little bit too far for right now, but that's the next -- that's going to be the next operation. But, you know, that's...

MR. DiMICCO: There'll be a public announcement when this has come out, right?

ASSISTANT SECRETARY SUTTON: Yeah, right. I was hoping to do it this week, but it didn't quite work out.

MR. DiMICCO: Will you have a chance to get it done before the end of the administration?

ASSISTANT SECRETARY SUTTON: Oh, yeah, absolutely. Absolutely. We are real close. We are real close.

CHAIRMAN KELLER: Good. Any other comments?

VICE-CHAIR JOHNSON: I would just like to ask, Woody, is there any economic data that you have within your department that would show perhaps unintended consequences if manufacturing were to -- or certain sectors of manufacturing were to leave

ALLIANCE

COURT REPORTING, INC.

the United States?

ASSISTANT SECRETARY SUTTON: Do we have anything?

MR. McELNEA: Not that I know of.

VICE-CHAIR JOHNSON: And I'm just sort of thinking out loud.

ASSISTANT SECRETARY SUTTON: Like what? What's an example?

VICE-CHAIR JOHNSON: Well, as the Council moves forward and we're advising on key policies to help U.S. competitiveness, if certain policies are in place, what are the unintended consequences?

If a certain sector were to leave, what are the consequences to our economy, on our quality of life?

Have there been any -- similar to the exercise we did with Manufacturing 2040 in terms of scenario planning and, you know --

MR. DiMICCO: National defense, national security.

VICE-CHAIR JOHNSON: I'm wondering if that would be -- you know, as a Council, if it's something that would be worthwhile, if we should pursue, but -- and I was just -- instead of

ALLIANCE

COURT REPORTING, INC.

recreating the wheel, if there was something already in place that, you know, could help us out.

ASSISTANT SECRETARY SUTTON: There are -- and I'm getting outside of my knowledge level here, but when you look at things like national defense and strategic materials and those kinds of things, there are different groups that look into that. We don't get engaged in that. Defense and State pretty much lead those efforts. That's over there. They may have some data. But that would all be around strategic materials and those kinds of things.

VICE-CHAIR JOHNSON: Yes, I wasn't talking as much as defense and those kind of things, but we hear a lot about the chemical industry, for example.

CHAIRMAN KELLER: Yes. Yes.

VICE-CHAIR JOHNSON: Or the machine tools that we've talked about in the past. And I'm just wondering if there was more of a comprehensive study. If those kind of sectors were to leave, then what happens to the U.S. economy?

ASSISTANT SECRETARY SUTTON: No, that's not -- not that I'm aware of on a comprehensive -- you may check with NAM and see if they have

something.

VICE-CHAIR JOHNSON: Because you know we struggle as manufacturers to continue to educate the public, our policymakers, on the importance of manufacturing, the importance to quality of life, the importance to our economy, and so I was just wondering if there was some kind of data that helps us paint that picture a little bit more clearly, that people will understand the value that manufacturers bring.

MR. McELNEA: The challenge is the forecasting involved and how hard it is to predict the future. I think we have a hard enough time, you know, maybe taking a few goods and figuring out, you know, per some of that policy change, what's going to happen.

Of course, the EPA does this all the time, and our Office of Competition and Economic Analysis works closely with them, just on things like cellulosic ethanol and some other goods. There's major challenges for tracking those goods, let alone the entire industry sector.

So the forecasting is very labor-intensive. Not to say that it is not worthwhile, but these are -- these are

ALLIANCE

COURT REPORTING, INC.

things that -- I think Previne Shaw -- I mean Dix is the person that oversees the OCEA, and I know he has his hands full already with a number of different studies, but -- I think it would take some considerable resources, but -- something you maybe want to ask about.

ASSISTANT SECRETARY SUTTON: Well, I am also thinking, those last two competitive reports that NAM put out had some ties for -- you know, the impact on -- that manufacturing has on the economy, positive impact, the dollar value associated with it, the innovation piece and that level, but I don't know whether it goes down to individual industries and all that. If we lost the aerospace industry, what would that do to us? I mean, obviously we would lose our place in society, but, you know...

DR. NASR: There's some reports on like the automotive industry that are -- clearly document the economic benefit of the automotive industry, but it doesn't go as far what would happen if the industry disappeared.

The other thing that I might add, ultimately what is the impact on the supply chain; does it serve multiple clusters? And what would happen if one cluster is weakened?

VICE-CHAIR JOHNSON: Exactly.

DR. NASR: Would that result in certain consequences in the supply chain? I think it's a great point.

CHAIRMAN KELLER: It falls in the general category of manufacturing and having capacity issues, or losing capacity in some cases. What now -- what happens when it loses the capability? That general category, losing capability, is a worry for us in the manufacturing sector. So, that's the general thought process.

Okay. Any other questions for Woody?

I didn't mean to cut off --

ASSISTANT SECRETARY SUTTON: No, I think I took longer --

CHAIRMAN KELLER: I appreciate that. Thank you very much.

INTRODUCTION OF KEYNOTE SPEAKER ON SUSTAINABLE
MANUFACTURING

Mr. Fred Keller, Chairman of the Council

CHAIRMAN KELLER: Now I would like to turn to Dr. Nabil Nasr, who is the Provost -- Assistant Provost For Academic Affairs -- a lot of titles -- Director of the Center for Integrated Manufacturing Studies, Director of the Golisano Institute for Sustainability at Rochester Institute of Technology, and also the founding Director of the National Center for Remanufacturing and Resource Recovery.

Again, CIMS, which we'll maybe hear a little about from you. You are responsible, Dr. Nasr, for the strategic and operational leadership of the Center for Integrated Manufacturing Studies, or CIMS.

Also, the Founding Director for the National Center for Remanufacturing and Resource Recovery, as I mentioned, a leading source of applied research and solutions in remanufacturing technologies. Both centers are here at RIT and serve as a resource for remanufacturers, original equipment manufacturers and government agencies.

So, Dr. Nasr.

ALLIANCE
COURT REPORTING, INC.

KEYNOTE SPEAKER ON SUSTAINABLE MANUFACTURING

Dr. Nabil Nasr, Director of the Golisano Institute
for Sustainability at the Rochester Institute of
Technology

DR. NASR: Thank you.

That is a clear indication, when he
reads all my job responsibility, on how badly I
manage my workload here.

(Laughter.)

DR. NASR: A clear example of how a
University -- if you want to get something done, you
give it to some guy who's very busy.

I'm delighted, actually, to have the
chance to talk to you, and I appreciate the
opportunity.

And before I talk a little bit about my
business this year, I want to tell you that we talk
about sustainable manufacturing; we're bringing --
General Motors actually is bringing the new fuel
cell car that actually was produced in Rochester,
New York. It will be here right after your meeting
at 5 o'clock. So you all can take a look at it and
maybe drive it as well.

We also have two -- three vehicles just
converted to hydrogen that we actually have, looking

ALLIANCE

COURT REPORTING, INC.

at alternative fuels, that will actually also be downstairs. So take a look at all of those, in case you're interested.

Now, I think I was asked to talk a little bit about sustainable manufacturing, and sustainable manufacturing is -- I think is the crossroads, and I think there are a lot of people that actually understand the impact of manufacturing on the environment. And the United Nations, as you can see here from the statement, talking primarily on consumption and production. High consumption and production is very important.

By the way, production is more accepted in Europe and outside of the U.S. than manufacturing. And, again, we're talking about production, it goes far beyond the making of the product itself. We're talking about the whole process, from material extraction all the way to disposing of product and addressing material flow and all the issues associated with manmade products.

And I think the -- you know, again, the key here is that it is so important to tie consumption and production, because we do have -- as users, we also do have an impact on consumption, and vice-versa.

ALLIANCE

COURT REPORTING, INC.

So, you know, I just wanted to -- again, I have a short time, so I just wanted to show you one data here that shows some of my concern and some of the science community concerns is that a lot of attention, for example, has gone to carbon emission and issues relating to climate change.

I'm very, very interested in material shortages and a lot of material shortages and our ability to supply the materials to all the manufacturing and all the standard of living that we want to maintain worldwide.

One of the issues in my mind that has significant impact on our consumption is the massive growths in many markets today in many -- on the consumption side of the Internet. It's a way for us to enhance the quality of life. It also is a way for us to increase consumption in many countries, where you can be sitting in a small village in Africa somewhere, you browse the Web and you find people in the U.S. using this brand-new product, this iPhone, and "I want to have one of those." And that has had tremendous impact on consumption in many countries. And the obsolescence, also, in many of the product, and countries actually demanding much newer technology and new product.

ALLIANCE

COURT REPORTING, INC.

585.546.4920

· www.alliancecourtreporting.net

· 800.724.0836

So if you take a look at this on here, that's just an example, that in copper alone -- since the beginning of history there of industrialization, we will basically match that in the next 25 years in terms of our consumption of copper.

I could go on and on with many materials.

Fuel cells, actually we make it, we will have serious problems, shortages that impact electronics, impact many other industries that are not even on the fuel cell side.

Many of the products that on the horizon today, actually, if you take a look into the material flow, you will see that there's a serious issue in terms of our ability to supply the market with this product with the material that's in the design, for example. So I see many, many challenges that exist in this field.

So, there -- now, what is sustainable production? And again, I'm staying away from sustainable manufacturing, trying to unify our standard with the rest of the world. Sustainable production is more accepted, as I said, overseas, in a lot of different countries.

ALLIANCE

COURT REPORTING, INC.

Again, this is more "motherhood and apple pie" here, talking about the state of production. You're creating a product that is clean, that is economically viable, also nonpolluting, and so on.

But really the bottom line, I think, is if we look sustainability, and sustainability on the production side, as the ultimate form of integration. And if you really look at it from the environmental angle alone, we're missing out on a lot of opportunities. So we see sustainability as an angle that the general product is a competitive product.

Sustainable product is a product that is optimizing the resources that are used to make this product. So, for example, a product that use less material to provide the same function is more sustainable than the previous, than the other product.

So we're looking at sustainability on the manufacturing side in a much broader scale than typically how we have been looking at it from an environmental point of view only. And if you think about it, sustainability is all about optimization; optimization of the consumption that we have or in

ALLIANCE

COURT REPORTING, INC.

the production side.

I you -- if our goal is to provide goods and services that provide certain function, what you want to do is optimize the resources that's going into that goods and services and make sure you minimize that consumption and make sure it's done in a sustainable fashion.

So I thought I would use some of my -- show you my graphical expertise here, just basically some examples of what we really want to do. We want to have cleaner factories. We want to have resource recovery. We want to have the ability to have a closed-loop supply chain, what we call reverse logistics. We want to have cleaner production. And basically, the bottom line is we want to do that in a very economical way.

What we tell our companies that we work with all the time is that if we don't do that, we will not be competitive. So it is becoming as a -- I think one of the -- one of the famous people in the industrial world just actually said that this is a new frontier and this is the challenge of the -- you know, of the future of manufacturing is going to all depend -- in different countries, it's going to all depend on our ability to meet the objective of

ALLIANCE

COURT REPORTING, INC.

cleaner production and sustainable production.

And, again, we talk sustainable product. Our more sustainable smart products are more sustainable than products than are not. So products that are, again, optimizing performance and consumption.

So I wanted to show you this here, from my experience -- we do a lot of work, this organization, and I see the industrial world is actually -- again, you might disagree with me on this -- there are three phases, actually, moving to that level all the way to become more strategically -- doing it in a strategic fashion.

We see a lot of companies way before that discovery phase, the pre-discovery, who still don't really understand what sustainability is and don't have a plan, but we do have a great annual report; some that actually do it in the discovery phase and learn to do some life cycle analysis and we learn to look into material waste, and so on; and then some that actually graduated from that, which is the opportunistic way.

But the bottom line is, nobody can do the strategic move to sustainability because the science of technology is not there yet. We haven't

ALLIANCE

COURT REPORTING, INC.

been able to actually develop the processes and know-how to figure out what is the difference between one decision and another, and be able to model that in terms of the whole nine yards of economic, the socio, the environmental, and be able to do that in a clever way. There's a lot of work here, but I could say that science hasn't really answered all the questions that are asked. So it's very difficult for companies to be at this level.

And this is some role, I think, that government can play a role in, and I think a lot of the -- a lot of organizations that support manufacturing can help us. I think there's -- a lot more scientific technology needs to exist there for people to do that, you know, systemically.

So, if you take a look at the way we see it, I think companies have a lot of challenges moving into that direction, beyond the cherry-picking, getting to the hard choices. A lot of it is related to costs, knowledge, integrated staff, the internal -- the internal conditions within the company or coordination within the company, the risks associated with moving from some of the technologies.

Now, there are many other external

ALLIANCE

COURT REPORTING, INC.

factors as well.

Many times -- you know, you were talking about the unintended consequences from regulations? That's more evident than any other area in the sustainability area. We see many regulations -- I can give you example after example of some of the EU directives, for example, that had serious unintended consequences, where it's not what they actually wanted to do, but that's what happened.

There are many, many cases in the sustainability area where some very great regulations -- state rules also -- for example, acquisition -- have resulted in unintended consequences.

So we have very serious issues to deal with in terms of infrastructure, in terms of the industry structure itself, market transformation in terms of who's going to make the first move. And that's, again, that's a role that we feel that -- the government -- because this is a huge transformation for the industry -- will have a much, much higher role in this phase than any other stage, maybe since the beginning of the Industrial Revolution, I think, in terms of guiding the practices and helping with that information.

ALLIANCE

COURT REPORTING, INC.

Now, this is just a snapshot here. I was trying to figure out some of the mandatory versus non-mandatory, the voluntary measures. We -- the task forces are always looking at this.

It's insane when you take a look at the number of metrics that's out there, the voluntary and non-voluntary metrics that exist. I've listed just a few. There are so many metrics in the works right now that it's impossible for small, medium-size companies, even large companies, to keep up with all the new metrics, environmental labeling, the green labeling methods that are happening everywhere.

I'm actually working with New York State; we're trying to do something in the eWay, in the eWay Society. Many states around the country are actually doing their own things in the eWay respect.

Many times you don't even have to have a law or regulation, but the fact that you do have green acquisition guidelines, you are in a way -- the State of New York, for example, our acquisition is -- on the state side is about 8 billion, so we have major influence on our industry.

So there are many of those happening,

ALLIANCE

COURT REPORTING, INC.

and I think that's one of the challenges that we face today on the sustainability side, is companies are -- companies are wasting a lot of their time actually in compliance, not the facility being innovative to figure out how to meet some of these metrics.

Now, I listed here a number -- we -- actually, Bill and I gave a workshop at the OECD in Copenhagen last year and -- about the metrics, and we were seeking opinions from other members of OEC countries. And here's a list here in terms of why particular metrics, I think, are, you know, very straightforward. It is very important, the guides and practices.

We're not saying, you know, that we do things that would impede innovation. Actually, we're trying to do things to identify metrics that would help people move in the right direction and help them to understand that we have moved in the right direction, and not tell them how to do things. So metrics can be done in a very positive way, and there are many reasons for that.

I'll try to speed up here so I don't put us behind in the schedule.

Many examples of companies, actually,

ALLIANCE

COURT REPORTING, INC.

that have done that with their own initiatives -- take this camera. I use that because a lot of people don't realize that many of the components of the camera can be remanufactured up to nine times.

So sometimes you are testifying the new model of consumption, which you might disagree with, but we're doing that in a way that we're able to bring the camera components back and remanufacture up to nine times. And it's amazing the product that actually changed the laws of remanufacturing, because we could not -- the rule of remanufacturing is that you don't bring anything back less than a hundred dollars; you don't bring anything back that is nondurable; you don't bring anything back that is so inexpensive. But we proved that it can be done, and actually, again, up to nine times. And plastic is all the same; you can recycle it all together so you don't have to have separation methods that are expensive.

The last example I'm going to show you here is one from Steelcase. And, again, it's innovation and design. And, again, what -- these are all examples of products that are actually selling well, that are received well. They're also meeting all the metrics that you would have in

ALLIANCE

COURT REPORTING, INC.

sustainability, and products that are economical.

So, it's really a lot of -- a lot of innovation is needed in this area, and I think that -- I think that the promotion of sustainable production in helping industry understand what's meant by the definition and putting -- assists also in clarifying the definitions can be very helpful in the future.

I think that's it.

CHAIRMAN KELLER: Thank you very much, Nabil.

DR. NASR: Thank you.

QUESTIONS FOR KEYNOTE SPEAKER ON SUSTAINABLE
MANUFACTURING

Moderated by Mr. Fred Keller, Chairman of the
Council

CHAIRMAN KELLER: Any quick questions
for Dr. Nasr?

MR. DiMICCO: I'm very impressed with
your focus on material shortages. It's poorly
understood, but becoming a major, major issue,
particularly as governments around the world go and
buy up certain resources and make sure they've got
them, which means that other people won't have them.

DR. NASR: Absolutely. Actually, if you
take a look into the -- a lot of the competition
right now over natural resources was China going
into many countries in Africa, securing a lot of the
resources, thinking of the future and the shortage
that will happen in many of these materials.

I mean, it's just a great example of the
people actually out there trying to compete for the
future of manufacturing in countries and all
basically acquiring these resources.

Could I add one more thing?

CHAIRMAN KELLER: Sure.

DR. NASR: We actually, with the help of

ALLIANCE

COURT REPORTING, INC.

the Department of Commerce and New York State, actually -- this is kind of reading for you when you travel back home -- we just conducted a report here on revitalization of Upstate New York manufacturing, and we have -- half of our employment in Upstate is actually associated with manufacturing. We have a very strong labor force, we have a very strong manufacturing base, and it has been threatened.

So we did a study that was more of a bottom-out study here, and this is a quick summary here. I just want to share it with the group.

CHAIRMAN KELLER: Are there any other questions?

VICE-CHAIR JOHNSON: Well, I have a quick question.

I'm a supplier in the aerospace industry, and I feel that the sustainable production is going to catch on a lot quicker with some of the consumer products, as you mentioned. What will be the fate of the aerospace industry in regards to sustainable production? Because we are already so slow-moving and overly regulated that, as a supplier, I'm thinking, "I'm going to be way behind the 8-ball."

I mean, what do I -- I mean, I know

ALLIANCE

COURT REPORTING, INC.

there's practices that I can incorporate and implement within my own company, but I'm wondering as an industry in general, is the aerospace industry moving along with this initiative, that you know of?

DR. NASR: Well, I think -- my opinion is that the aerospace industry -- there are two sides to the aerospace industry.

One is that you are a manufacturing company, you are making a product, so a lot of rules and regulations that exist in the manufacturing sector would apply to you as a supplier. And companies are watching very carefully their own commitment; if they're a supply chain company, they will require to meet certain specification as a member of the supply chain. So that side is going to impact you.

I think what we see in the aerospace industry is great desire to meet a lot of the fuel economy and many, many other environmental factors in the manufacturing process. And I think it is very, very focused; the aerospace industry is very focused on that specific aspect of the production.

VICE-CHAIR JOHNSON: Environmental impact.

DR. NASR: Or issues related to lighter

ALLIANCE

COURT REPORTING, INC.

weight or, you know, fire.

VICE-CHAIR JOHNSON: I was reading an interesting article about all of the aging aircraft that are just parked out in the desert, and how do we recycle those. Because so much of it now goes into the landfill as opposed to if it had been designed with sustainable in mind initially, then that could go back and be recycled and reused, as opposed to going back into the landfill.

So I'm wondering, if we look at the design on some of these systems, at what point in time will we be able to do that.

(Laughter.)

DR. NASR: We have an aircraft downstairs. Nick would be glad to give you a tour and show you what we're doing on the aircraft side downstairs.

A lot of what we're doing, we're trying to do extend the life cycle. And that has tremendous environmental impact because it can allow you -- if you can have this aircraft in service for one-and-a-half X of the life cycle that it's designed for, you can basically result in a lot of reduction of energy costs, and so on.

VICE-CHAIR JOHNSON: Exactly.

ALLIANCE

COURT REPORTING, INC.

DR. NASR: And materials.

VICE-CHAIR JOHNSON: Thank you.

CHAIRMAN KELLER: A quick administrative observation. We're going to run over our time. I hope that's acceptable. We're probably going to be 15 minutes or so over our time. Hopefully, we'll find that to be acceptable.

Next we would like to hear from Bill McElnea and give us a little thought on sustainable manufacturing from the Department of Commerce's standpoint.

OECD SUSTAINABLE MANUFACTURING METRICS CONFERENCEOVERVIEW

Mr. William McElnea, Department of Commerce

MR. McELNEA: Sure. Sure.

Well, actually, I was asked by the Admiral and Kate to give a little bit of an overview in terms of our event tomorrow, the International Conference on Sustainable Manufacturing.

And of course Dr. Nasr is a very, very hard man to follow over here in his very comprehensive presentation on what it is this initiative is all about and why it's good to do it, but it does dovetail beautifully into the event tomorrow.

And the event tomorrow is in direct response to one of the four demands that we got from industry in our stakeholder event; exactly a year ago, it was. September 2007, we had our stakeholder event to design our sustainable manufacturing initiative.

And I believe the Council is fairly familiar with the four next steps, and one of those is, of course, the metrics work.

And, you know, one of the two kind of caveats that came with that metrics demand was, one,

ALLIANCE

COURT REPORTING, INC.

585.546.4920

· www.alliancecourtreporting.net

· 800.724.0836

they wanted metrics that were going to be internationally comparable. So -- and this wasn't just for a multi-national, just to be able to talk to their subsidiaries, which they're probably already doing pretty well at this point, but it was also for the government to be able to benchmark their progress supplying product for an SME in the US, to be able to look at SME in Germany and be able to speak the same language. So there is a need for a common lexicon there.

And it also needed to be sector-specific. If we started cross-sectorially, the metrics that would be developed just wouldn't go deep enough and wouldn't render that value that was really needed.

So, as luck would have it, we had actually heard this demand from industry even before the stakeholders' event even transpired, so we had submitted a proposal to the OECD to begin work, you know, in this area. It was -- it was about a four- or five-page scoping paper, but has since got a lot of headway and has a lot support among OECD members.

We're finding the same phenomenon is happening in OECD countries, that this is something that the companies need, simply because I think upon

ALLIANCE

COURT REPORTING, INC.

first measurement by the OECD, there was over 600 different initiatives internationally on sustainable manufacturing countries. There were associations, there were companies, you know.

So there really is a need to consolidate this quite a bit and to come up -- and the other thing we were told was, "We don't want a tome of metrics that we have to follow and implement. Every new metric is going to cost something to implement, so we need a core set in every sector so that we are -- at least there's some common thread there."

So we have -- you know, we kind of -- the support has snowballed into finally deciding on the first two sectors that we are going to be working on, which is the automotive and consumer electronics sectors. It just so happened our tours today were focused on those two sectors, and tomorrow the speakers will be focused on those two sectors as well.

I'm just kind of going over -- and just in terms of expecting the work from the OECD on this, early 2009 we should see a first draft of core metrics from these two sectors.

And of course tomorrow's conference, the main purpose of it is to feed into the study and be

ALLIANCE

COURT REPORTING, INC.

able to inform OECD researchers, as well as the governments that are working side-by-side with the researchers, and make sure whatever comes out of this work is going to be really valuable for industry. And, of course, once it comes out, we'll be distributing it widely among all our various channels.

So I was talking to Kate today. We want to distribute the agenda at some point; we're sorry we didn't have copies for you here. But anybody that's interested in getting a copy, we'll be more than happy to e-mail that to you.

But just to go over the agenda real fast, of course we have the Admiral opening up tomorrow's festivities, along with Bill Destler, who's the President of RIT.

We're lucky enough to have Xerox and the Ford Motor Company actually give the first -- the opening two keynotes, talking about their sustainable manufacturing methodologies, their vision for eco-innovation in the future. And of course Xerox was one of the tours that we went on today, and so it was quite impressive.

We definitely owe some of the companies today a big show of gratitude, just by all the

ALLIANCE

COURT REPORTING, INC.

preparations they did for the tours. And we have seen that same type of courtesy extended by, you know, Cascade Engineering and some of the other companies we visited on the SMART tours.

That event section will be followed up by a government's perspective panel, where we will be presenting and getting a little bit deeper into our Department of Commerce sustainable manufacturing initiative, as well as -- we have a man named Shinji Okakura, who's the Director of the International Affairs Office for METI in Japan. I think they will be presenting on Japan's strategy for eco-innovation.

And we have someone from the government of France that will be presenting a new EU sustainability action plan.

So, for those that will be here tomorrow, they will be getting a number of different perspectives and a number different of takes on how individual countries are approaching this.

So I think it's going to be -- as you find at a lot of these conferences, I think a lot of the value is going to be coming from the coffee breaks, probably, being able to sort of compare notes and see, you know, what's worked and what

ALLIANCE

COURT REPORTING, INC.

hasn't. And I think we have close to about a hundred people that will be attending tomorrow. So I think it will be one heck of an event and an opportunity just to learn.

After that we have a number of different corporate presentations. We have presentations on the consumer electronics side; we have Nokia, Panasonic, Intel. And that, of course, will be facilitated by Nabil.

On the automotive and transport sector side, we have Caterpillar, General Motors and Milliken & Company.

And then we're getting into the real meat and potatoes tomorrow, and that is the focus groups, where we are breaking the group up into four different groups, Groups A through D, to ask questions and to find out what these companies are doing on the metric side, what specific metrics are you using, what is the perceived value of the OECD and all its members -- 30 member governments can offer in this area as well.

We know -- I think one of the first things we're going to start of with is the recognition that there is so much work in this area and there's so many different metrics sites that you

ALLIANCE

COURT REPORTING, INC.

can go to. So what is a first, second and third step the OECD can take to try to consolidate this down to something that's more than adjustable, not just in shareholder reports, but for governments and companies to speak to one another.

So the outputs of that will be recorded and each session will be recorded, and we'll be doing a pretty thorough readout of that as well.

And I think we're all really looking forward to seeing not only what comes out of those particular focus groups -- and of course that will inform and form the study -- but we'll also be getting a preliminary presentation by the OEC tomorrow on what they've found thus far.

They've already come up with a 40-page preliminary study -- they're quite productive over there -- there's a 40-page preliminary study on -- just doing an overview and doing a study on what is already out there, which will be a great starting point for us.

CHAIRMAN KELLER: Thank you.

Do you know how many countries are represented? 30?

MR. McELNEA: Here at this conference?

CHAIRMAN KELLER: Yes.

ALLIANCE

COURT REPORTING, INC.

MR. McELNEA: I don't think it's anywhere near that many, but I would think --

CHAIRMAN KELLER: Six or seven, at least?

MR. McELNEA: Yes, there's a good number. We have even some non-OECD countries, I believe, that are attending as well.

VICE-CHAIR JOHNSON: Where does the United States fall in with regard to the rest of the world in our sustainability efforts?

MR. McELNEA: I'd be more than happy to answer this, but Nabil is in a better position to answer this one. Since he does a lot of international work, we call upon him frequently to give presentations at various conferences.

Obviously, we're a country whose GDP is made up of 70 percent services. So the one thing we have is the know-how. That's everything from the remanufacturing side and -- I was a panelist on the Automotive Parts Remanufacturers Panel a year ago, and the biggest message to them was to know your value as a service provider, because these type of sustainability practices, a lot of them are labor-intensive and they create jobs, they create good jobs, they drive technology and they're great

ALLIANCE

COURT REPORTING, INC.

for the environment and great for social infrastructure.

So it's not like Brazil, India and China are missing it; they do get it. And I think a lot of the non-tariff barriers that we've seen erected against, you know, goods such as remanufacturing tools that in our view are -- in our definition are the same quality as new goods. You know, this is why we've seen some barriers erected, purely because they know we have this competitive advantage, and it's been quite frustrating to level the playing field.

But I think, you know, the service side is going to be a tremendous area of value for us in terms of showing folks how best to do this, and obviously the technology side as well. We will actually be the largest exporter of clean technologies in the world, and that's -- even going up against some tariffs that are about 15 or 20 percent in countries like India and China.

So one of the big things we've been trying to do -- I've personally been working with the USTR to do, and the Doha Round, which will eliminate tariffs and non-tariff barriers to environmental goods and services, which -- the value

ALLIANCE

COURT REPORTING, INC.

of which for U.S. companies will be quite high.

MR. JONES: When you say "China and India," is there some studies out to see what they are doing?

MR. McELNEA: Yes. I mean, there are. Again, assuming Nabil probably knows the answer even better than I do, but there have been -- I think associations are real valuable resources in terms of the studies they are putting out on remanufacturing and the benefits they realize from this. But talk to some of the companies that have been able to finagle their way, you know, into the area, Caterpillar and HP and some of these other companies, you know, they know these governments really get it and they want to form their own competitive advantage of it as well, but for the time being we are pretty out in front in terms of the know-how.

Nabil, I don't know if you have anything to add in terms of research --

DR. NASR: You answered it very well. I think if you break up the sustainable production into technologies related to clean tech and you see half the venture capital -- California, for example, last year went to clean-tech companies. So we're

ALLIANCE

COURT REPORTING, INC.

actually doing a lot of clean-tech-type technology. There's a lot of innovation in this area.

However, we're playing catch-up in solar, for example. Because of some the incentives that have disappeared a while ago, we're still playing catch-up.

China is doing very well.

So there are areas where we're doing very well, but there are areas where we're playing catch-up. But I think in general, in terms of our industry, in terms of our compliance, in terms of our methods, I would say that we're doing pretty well. I think in terms of our know-how, I think we're doing very well.

I think the perception in Europe and other parts of the world, we're far behind because of regulations and all that stuff. But the reality, if we take a look into what's happening in the field, technology-wise our companies are doing well in many ways voluntarily. Know-how just in the U.S. is very good in many, many, many areas, and we're exploiting that.

But there are pockets of excellence, I think, around the globe, and we see many countries are involved. China is doing a lot of work in the

ALLIANCE

COURT REPORTING, INC.

clean-tech area. I think that's a competitive area now for many countries, sort of the clean-tech area.

ASSISTANT SECRETARY SUTTON: Eight countries: New Zealand, South Korea, Japan, France, Greece, Turkey, Denmark, plus us.

CHAIRMAN KELLER: All right. Thanks.

We have been working on a letter here. We really combined our two committees kind of into one in coming up with a combined letter, so it may be a little bit -- moving from sustainability into energy independence, but we're kind of working those two together and they are related in some way, we believe. So with that, I would like to turn to our presenter, Dan DiMicco, CEO of Nucor.

ALLIANCE

COURT REPORTING, INC.

SUSTAINABLE MANUFACTURING SUBCOMMITTEE REPORT,
PRESENTATION ON THE PROPOSED LETTER ON SUSTAINABLE
MANUFACTURING METRICS

Mr. Daniel DiMicco, Member of the Subcommittee

MR. DiMICCO: Thanks, Fred.

Yes, I have a proposed letter to present for the Council's formal approval, and if I could, I would just like to read the introductory section to it. In the issue of time, I won't go through and read the whole thing, but it's not very lengthy, and the introduction would give you the flavor for it.

And it starts out, "In response to an invitation to comment on sustainable manufacturing, and in concert with the OECD Sustainable Manufacturing Metrics Conference held at the Rochester Institute of Technology, the Manufacturing Advisory Council is pleased to present this letter.

For the purpose of this letter, the Council endorses the definition of "sustainable manufacturing" as manufacturing that meets the needs of the present without compromising the ability of future generations to meet their own needs. This encompasses three things, called by many the triple bottom line, of economic growth, social objectives and environmental stewardship.

ALLIANCE

COURT REPORTING, INC.

We strongly believe that in order for manufacturing to thrive and grow, the principles of sustainable manufacturing need to be adopted nationwide and globally and supported by policy.

There are two primary ways that national strategy can advance this goal. Not in order of priority, but item number one: Create globally standardized ways of measuring sustainable manufacturing performance by industry type.

And, second, develop a national energy independent strategy that substantially reduces our dependence on imported fossil fuels, but recognizes the importance of a transition period to accomplish this."

And each of those two points, we go on to discuss in short form, and to highlight the importance of both the metrics to be established on a globally compatible basis and to have a sense of an Apollo-like program on energy to -- where the administration gets the entire country behind the idea of energy independence and drives towards long-term replacement of fossil fuels, recognizing in the short term -- and "the short term" might be a decade or more -- that we have to develop the technology fully to make it the major source of

ALLIANCE

COURT REPORTING, INC.

energy for our country, as opposed to fossil fuels, so -- and the proper use of fossil fuels in a transition period.

Mr. Chairman, do you have to entertain a motion, or how do we do this?

CHAIRMAN KELLER: We can certainly entertain a motion, go around the table, yes, sir.

ALLIANCE

COURT REPORTING, INC.

DISCUSSION OF THE PROPOSED LETTER

Moderated by Mr. Fred Keller, Chairman of the
Council

CHAIRMAN KELLER: There's a motion to submit the letter in support. Is there a discussion about the letter?

Questions that you might have, Woody?

ASSISTANT SECRETARY SUTTON: No. I like it.

CHAIRMAN KELLER: You like it.

So, hearing -- any other discussion?

(No response.)

CHAIRMAN KELLER: Hearing none, we could take a vote on those who would be favoring the motion as made to submit the letter, please represent by saying "aye."

(There was a chorus of ayes.)

CHAIRMAN KELLER: Opposed?

(No response.)

CHAIRMAN KELLER: And the motion carries.

And at this point we can open up the table for any other discussion from Council members or members of the audience that are here or on the phone. So if there are public comments or

ALLIANCE

COURT REPORTING, INC.

questions, please speak up now.

MR. MITTELSTADT: I've got a couple.

CHAIRMAN KELLER: Please identify yourself.

MR. MITTELSTADT: Eric Mittelstadt, the CEO of the National Council for Advanced Manufacturing.

First of all, I want to thank the organizers for the conference and the events this week. You're addressing one of the major new manufacturing paradigms of the 21st Century, and it's pretty darn important. Our members are certainly seeing that.

My remarks today are really meant to reinforce the Council's letter, because I think their recommendations are right on.

Our members have raised the concept of what they call total life cycle analysis, and that is looking at all of the impacts of products and processes for their entire life. That's a tough job, but that's the essence of what it takes to be sustainable. And I might suggest that that includes the short- and long-term energy independence issue. You've got to do that in a way that's ultimately sustainable, and the definition that's been talked

ALLIANCE

COURT REPORTING, INC.

about here, not only for sustainable manufacturing, but for sustainability in general; we've got to protect the interest of the future generations as well.

What we also believe is that that concept goes a step further to involve partnerships far beyond the manufacturing company in terms of sustainable manufacturing. It includes its supply chain, it includes its consumers, it includes everything from the start of the extraction of the material all the way to the consumption and/or destruction and/or disposal of the materials that are involved.

So what that says is that there's some pretty significant new requirements in terms of those partnerships: New ways of leading, new ways of managing, new ways of developing policy.

In today's world you've got to be open in terms of innovation, you've got to be open in terms of the way in which you look for innovations among all the tiers of the supply network, but I submit you've got to be open in terms of the way in which you develop policy, too.

Different from the Apollo program, you've got lots of interests in today's world that

ALLIANCE

COURT REPORTING, INC.

are going to protest the hell out of anything they don't understand, and it's not so easy, as it was for President Kennedy, to develop an Apollo program in today's world. So somehow or another you've got to figure out ways to bring those organizations along.

I worked for a guy a long time ago that said the process of involvement is what achieves -- what accomplishes what he called the best achievable compromise: Nobody at the table gets everything they wanted, but being at the table they recognized why. And so, therefore, they were more willing to support the compromise, the best achievable compromise to move forward.

And I would submit that's a pretty significant requirement of policymaking, especially in this area where there's some pretty significant emotional differences in terms of how one finds it, how you ought to go after it, and what the solutions are. And all too many of us have an idea of the solution, but not necessarily how to get there, to get all the rest of the parties on board.

Truly sustainable manufacturing is not a simple thing. It can't stay within the four walls of a particular company. It can't stay within the

ALLIANCE

COURT REPORTING, INC.

four walls of a particular agency. As Woody pointed out, interagency working groups are essential for that process. Figuring out how to involve all those different constituencies is really a pretty difficult task, but it is a task that we've got to -- we've got to take, because our objective is, as yours, is to make sustainable manufacturing a competitive advantage for U.S. manufacturing. And so we've got to work pretty hard at making that happen.

As I said before, NACFAM offers its assistance to the Council, to the subcommittees, to the Assistant Secretary, to the OECD, in any way that we can to help move those objectives forward. We try to be as non-partisan, non-lobbying, as objective an organization as you can have in Washington, and we do it collaboratively, which one of my people said one time that's a real -- that's a real distinctive -- or unique capability in Washington. But I'm convinced that a lot people in Washington want to do it that way, if we can give them the incentives to do it and make it happen, if we're willing to do whatever we can to make it happen.

Thanks.

ALLIANCE

COURT REPORTING, INC.

585.546.4920

· www.alliancecourtreporting.net

· 800.724.0836

CHAIRMAN KELLER: Thank you, Eric.

Other comments? Questions?

(No response.)

CLOSING REMARKS AND ADJOURNMENT

Mr. Fred Keller, Chairman of the Council

CHAIRMAN KELLER: Hearing none, this
Chair will entertain a motion to adjourn.

Board?

We stand adjourned. Thank you very
much, everybody, for coming.

(Whereupon, the meeting was adjourned at
5:14 p.m.)

* * *

ALLIANCE

COURT REPORTING, INC.

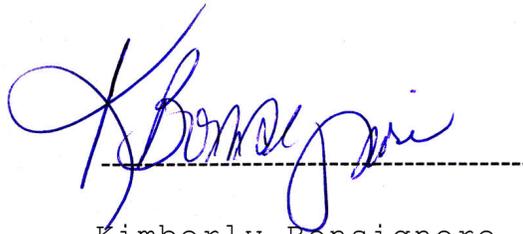
585.546.4920

· www.alliancecourtreporting.net

· 800.724.0836

C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of The Manufacturing Council, held on September 23, 2008, were transcribed as herein appears, and this is the original transcript thereof.



Kimberly Bonsignore

Freelance Court Reporter and
Notary Public in and for
Monroe County, New York

ALLIANCE

COURT REPORTING, INC.