



**Canadian
Manufacturers &
Exporters**

**Manufacturiers et
Exportateurs du
Canada**



June 14, 2010

Don Stephenson
Assistant Deputy Minister
Trade Policy and Negotiations
Foreign Affairs and International Trade Canada
111 Sussex Drive
Ottawa, Ontario K1N 1J1

Miriam Sapiro
Deputy U.S. Trade Representative
Office of the U.S. Trade Representative
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Washington, DC 20508

Ron Parker
Senior Assistant Deputy Minister
Industry Canada
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Francisco J. Sánchez
Under Secretary of Commerce for
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U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Cass R. Sunstein
Administrator
Office of Information and Regulatory Affairs
U.S. Office of Management and Budget
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Washington, DC 20503

Dear Ms. Sapiro, Messrs Stephenson, Parker, Sánchez and Sunstein,

On behalf of our member companies doing business in North America, we are using the opportunity provided by the Canadian government's consultations on North American regulatory cooperation to express our views on a priority shared by our two associations. These consultations announced on March 27 are an excellent opportunity to move forward and build on the progress Canada and the United States have made in this area.

Ensuring a competitive regulatory environment in North America by eliminating unnecessary duplication, inconsistencies and inefficiencies in regulations between our two countries is a shared priority between our associations. The future of North America's competitiveness and the next generation of jobs depend on manufacturers' ability to succeed in their drive towards greater efficiency, innovation and agility in taking advantage of business opportunity. While ultimately it is up to manufacturers themselves to do what it takes to ensure their business succeeds, governments can also play a critical role through regulatory efficiency.

One area where greater regulatory cooperation would be welcome by our respective members is in the area of chemicals management.

Under the Canadian Environmental Protection Act, the Canadian government identified 195 priority chemicals to be assessed through a succession of 12 batches as part of its Chemicals Management Plan (CMP). The government's ultimate goal is to decide if each of those substances should be eliminated from use in Canada, or if their use should be restricted. Environment Canada and Health Canada are currently profiling each substance and proceeding through consultations for each one of them.

Meanwhile, the US Environmental Protection Agency (EPA) announced last September that it is implementing a similar comprehensive approach to enhancing the EPA's chemicals management program under the Toxic Substances Control Act (TSCA). In December 2009, the EPA initiated a process similar to Canada's targeting chemical substances based individuals' level of exposure, and whether they are identified as persistent, bioaccumulative and toxic.

Both countries' efforts aim to identify chemicals that pose a concern to the public, improve government accountability by strengthening existing substance management regimes, and ensure that governments can quickly and effectively evaluate substances and manage the risk they may pose. Both governments have also indicated that they may initiate regulatory action to restrict or ban a chemical, or require the submission of additional data to better assess the chemical's risk. Both governments should continue to support capacity building to provide comparable chemical management in Mexico.

Due to the integrated nature of the North American market, a significant proportion of our respective member companies having to comply with CMP in Canada also have to comply with the TSCA in the US, and vice versa. Should a substance be restricted or banned in one country and not the other, this would impose additional costs upon businesses and impact the competitiveness of the North American market.

For example, our members in the electronics industry are concerned about rosins and resins that are currently reviewed in Canada. If the preliminary proposals included in the "Substance Profiles" prevail, then the use of rosins and resins in Canada will be banned. The US administration however, has previously decided that these substances do not pose an unacceptable risk and offer many benefits. Such an outcome would make it very difficult for US-based companies to ship electronic parts and finished goods containing these substances into Canada, as virtual elimination would likely be invoked.

Given that regulatory bodies in the two countries have stated the same objectives, are taking similar steps to achieve them, and are looking at similar timelines to implement changes, both governments should require that they coordinate their efforts. For businesses, this should mean that information filed on a chemical product in one country should be accepted in the other. Moreover, Health Canada, Environment Canada and the EPA should jointly review information on substances targeted for review in both countries, and come to the same conclusions as far as restricting or banning the use of certain chemical substances. In addition, Health Canada should work with OSHA, and the other federal departments engaged in implementing the Globally Harmonized System of Classification and Labeling for workplace hazards, to ensure consistent scope, timing and hazard communications on the same substances. Finally, when possible a global approach to chemicals management should be taken, for example by looking at what gets restricted under REACH (regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals) in the European Union.

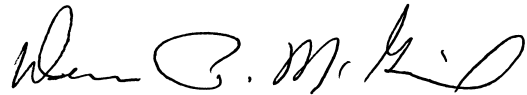
Doing so would ensure that the government of Canada and the United States deliver on their previously stated commitment to align their chemicals management regulations under the New Substance Notification regulations. Under the "Four Corners Agreement", a bilateral arrangement signed by Canada and the US, it was agreed by both countries that assessments for chemicals under the New Substance Notification regulations could be shared among the EPA, Environment Canada and Health Canada, with the agreement of those notifying. Delivering on that commitment would reduce the costs of doing business and allow for more efficient outcomes.

We thank you for the opportunity to provide recommendations on regulatory cooperation within North America and look forward to engaging our members in working with you to take concrete steps to improve our economies' competitiveness.

Yours sincerely,



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Cc: Kathleen MacKay, Director, Technical Barriers and Regulations, Foreign Affairs and International Trade Canada