



Statement for the Record
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Subcommittee on Energy and Power

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Chairman Whitfield, Ranking Member Rush, thank you for the opportunity to testify on behalf of the American Chemistry Council¹ in support of the draft legislation “Promoting New Manufacturing Act.” This legislation will improve the regulatory permitting process for new factories and help ensure continued growth in shale-related manufacturing in the United States.

ACC represents the leading companies engaged in the business of chemistry. We apply the science of chemistry to create innovative products and services that make people’s lives better, healthier, and safer. The U.S. chemical industry is a key element of the economy, providing 784,000 skilled, good-paying jobs all across our country. We are among the nation’s largest exporters and investors in R&D. Our advanced materials and technologies include many that help save energy and reduce greenhouse gas emissions. High-performance building insulation and windows, solar panels and wind turbines, and lightweight packaging and vehicle parts all start with chemistry.

¹ *The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is a \$770 billion enterprise and a key element of the nation's economy. It is one of the nation's largest exporters, accounting for twelve percent of all U.S. exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation's critical infrastructure.*



America's chemical industry is undergoing a historic expansion made possible by abundant, affordable supplies of natural gas and natural gas liquids from shale formations. Due to our decisive competitive advantage in the cost and availability of energy and feedstock, the United States is currently the most attractive place in the world to invest in chemical manufacturing. As of this week, 177 chemical industry projects valued at \$112 billion in potential new U.S. investment have been announced. Fully 62% of this is foreign direct investment. By 2023, the new investments could generate tens of billions in new chemical industry exports and hundreds of thousands of permanent new jobs.

All of these projects must undergo a lengthy and complex environmental permitting process filled with challenges that could derail the investment. Problems include uncertainty as to the schedule for obtaining a final pre-construction permit, a requirement that companies use emission modeling programs that cannot adequately accommodate site-specific data, and the need to address public input and legal challenges. Once a project is significantly delayed, the project is often scrapped, and companies make plans to proceed elsewhere.

During his State of the Union Address, President Obama highlighted the important role that domestic natural gas is playing in the U.S. economy and committed his Administration to facilitate the permitting process for manufacturing projects. The President said, "Businesses plan to invest almost \$100 billion in new factories that use natural gas. I'll cut red tape to help states get those factories built..." The White House fact sheet stated, "The Administration will help States and localities coordinate review of proposed private sector projects to invest in new energy-intensive U.S. manufacturing plants relying on natural gas."

Manufacturing facilities must be able to obtain required permits in a timely, transparent, and efficient manner. In recent years, the U.S. Environmental Protection Agency (EPA) has tightened a number of national ambient air quality standards (NAAQS)² without fully

² Examples include ozone in 2008, nitrogen dioxide and sulfur oxides in 2010, and fine particulate matter in 2012. A proposed tighter ozone NAAQS is expected later this year. EPA is still working to implement these standards, along with some older NAAQS, including the 1997 ozone NAAQS and the 1997 and 2006 particulate matter NAAQS.



implementing them. Lacking clear direction from EPA, state permitting agencies and manufacturing facilities have, at times, been left confused about the requirements to complete the preconstruction permitting process.

Manufacturing facilities need certainty and transparency in the permitting process. The steps required to obtain a preconstruction air permit within the Clean Air Act's required 12-month deadline³ must be clear to all. EPA must issue implementation rules and guidance in tandem with any final NAAQS rules.

The "Promoting New Manufacturing Act" will improve the permitting process by:

- Creating a "dashboard" showing the total number of preconstruction permits issued during the fiscal year, the percentage issued within one year of application, and the average length of the review process;
- Requiring EPA to issue guidance concurrent with any new rules so that manufacturers fully understand how to comply; and
- Directing EPA to prepare an annual report to Congress on actions the Agency has taken to expedite the permitting process.

The Promoting New Manufacturing Act represents a step toward a timely, efficient, and transparent regulatory permitting process. We are hopeful that with continued leadership from this committee and others in the House, we can pass this bill and expedite the unprecedented chemical industry investment planned for the United States.

With that, I would be happy to take questions.

³ See 42 U.S.C. 7475(c)

